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WORLD AGRICULTURAL Situation



11/2/77
E.R.S.

THE WORLD AGRICULTURAL SITUATION

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SUMMARY

World agricultural output (excluding China) increased 3 percent in 1976, according to preliminary estimates contained in the Economic Research Service's indices of world agricultural production (table 1). The People's Republic of China will probably do well to maintain last year's output level.

Overall gains were about equal for both the developed and developing countries. The USSR's recovery from the disastrous 1975 drought, a more than 15-percent rise in output, provided the single largest impetus to agricultural growth in the developed countries. That, together with the spurt in Canadian output, overcame production declines in Western Europe, Oceania, and Japan as well as little change in U.S. output and a standstill in Eastern European agriculture. In the developing nations, all regions shared in increased production, particularly the countries of East and West Asia. Increases were smallest in South Asia where the largest gains were recorded in 1975.

The indices also indicate that world food output (excluding China) may have increased a little faster than overall agricultural output in 1976. While food production rose about equally rapidly in both the developing and developed countries, the much faster population growth rates in the developing countries—2.5 percent compared with 1 percent—meant that their rate of increase in food output was less than one third that of the developed countries on a per capita basis. Although the nearly 1-percent per capita increase for the developing countries was far less than their better than 6-percent rise for 1975, it was still above the 0.4-percent annual trend for 1960-75. Largely because of good crops in the Philippines and Malaysia, East Asia led the rise, followed by Latin America, West Asia, and Africa.

South Asia—which contains the largest number of people near the bare subsistence level—matched last year's level of total food production but could not maintain 1975's remarkable recovery in per capita output; the index there fell from 107 to 105 (1961-65=100). India weighed most heavily in the regional per capita decline, although Sri Lanka's

Table 1.—Selected Indices of World Agricultural and Food Production (excl. China), 1961-65=100)

	Total agricultural production					Total food production					Per capita food production							
	1971	1972	1973	1974	1975	1976*	1971	1972	1973	1974	1975	1976*	1971	1972	1973	1974	1975	1976*
Developed countries	124	124	131	129	127	131	126	125	133	131	129	134	117	115	121	118	115	119
United States	120	122	124	118	127	128	128	127	130	124	135	136	117	115	117	110	120	120
Canada	129	120	124	112	126	138	130	122	124	112	128	141	114	106	106	95	106	115
Western Europe	121	120	122	127	123	120	121	120	122	127	123	120	114	112	114	118	114	112
Eur. Community	120	119	122	125	120	116	120	119	122	125	120	116	113	112	114	116	111	107
Eastern Europe	122	132	135	139	136	136	123	132	136	140	137	136	116	124	127	130	126	125
USSR	135	129	155	145	129	150	135	128	155	144	127	149	124	117	140	129	112	131
Japan	102	110	110	115	109	103	110	110	111	115	108	94	100	99	98	101	94	
Oceania	124	115	116	119	123	118	127	122	127	126	133	128	110	104	106	104	108	102
Rep. of S. Africa	136	142	119	148	137	136	143	150	125	157	144	143	115	118	95	117	105	102
Developing countries	126	126	131	134	140	144	126	125	133	131	129	134	105	101	103	103	107	108
East Asia	136	135	148	152	158	166	135	132	145	150	159	166	111	106	113	114	118	120
Indonesia	132	129	142	149	151	153	135	130	146	154	156	157	112	105	116	119	118	116
Philippines	137	133	142	145	159	171	138	134	143	146	161	173	109	103	107	106	113	118
South Asia	126	119	130	124	137	138	126	119	131	124	139	139	106	97	105	97	107	105
Bangladesh	100	101	116	110	122	125	102	100	118	115	127	129	84	80	93	88	95	94
India	127	119	129	122	138	138	127	119	130	121	139	139	107	98	105	96	108	106
Pakistan	156	155	159	163	157	161	151	152	161	164	163	168	120	117	121	119	115	115
West Asia	129	139	129	141	150	158	127	137	127	138	150	158	102	107	96	102	107	110
Africa	121	123	119	125	125	129	120	122	118	125	127	132	99	97	92	95	93	94
Egypt	117	119	120	118	119	124	119	122	124	125	132	138	98	98	97	96	99	101
Ethiopia	120	114	111	115	107	111	119	113	111	113	105	109	99	92	88	87	80	
Nigeria	114	119	112	119	121	125	114	119	113	119	121	125	93	95	88	90	89	89
Latin America	124	125	129	139	140	145	131	131	136	145	150	158	105	102	104	107	108	111
Mexico	133	132	140	140	148	146	143	142	151	148	165	162	109	104	107	102	110	104
Argentina	110	104	114	123	123	130	114	107	118	126	135	103	95	103	109	108	114	
Brazil	127	133	131	149	150	154	135	140	144	160	164	181	108	109	109	118	117	126
WORLD	125	124	131	131	132	136	127	126	133	132	134	139	113	110	115	113	113	115

*Preliminary.

output fell most sharply because of an early tapering off of the monsoon rains. Pakistan just held its own.

Reports of bumper crops in 1976/77 are confirming forecasts of a record large world grain crop in 1976/77, indicating a further easing in the tight grain situation of the last 3 to 4 years. World grain production—based on harvest estimates for the Northern Hemisphere and pre-harvest reports from the Southern Hemisphere—is estimated at about 1.32 billion tons, around 100 million above last year, and well above the 16-year trend.

Despite prospects of record grain usage, total grain consumption is expected to fall below the trend of the last 16 years, leaving as much as a third of the forecast increase for rebuilding of stocks. The lagging recovery in livestock feeding appears to be responsible for the relatively slow growth in grain consumption.

Carryover stocks at the end of 1976/77 may increase as much as a third over carryin levels, increasing from about 10 percent of world consumption to around 13 percent. Most of the expected stock buildup will be in wheat, reflecting the forecast 15-percent increase in world wheat production. The 1976/77 coarse grain harvest may be 8 percent larger, in large part because of increases in barley, but rice production will likely fall some. The nearly 80-million-ton recovery in Soviet grain crops, together with much smaller gains for Canada, the United States, and a handful of developing countries, will account for most of the production increases. Stock increases are likely to be concentrated in those first 3 countries, with only a limited buildup in the importing or low income

countries. Ample supplies and damped world import demand have contributed to the weakening of wheat and coarse grain prices.

Tighter supplies relative to demand for both oilseed meal and oils are likely in 1977 because of smaller oilseed production in 1976—due largely to a reduced U.S. soybean harvest and expected continued growth in global consumption. The growth in herds has been leveling off or declining in the major livestock producing countries; continued high rates of meat production influenced by drought in Western Europe and Oceania contributed to restrictions on trade in some countries and shifts in trade patterns for others. The same drought conditions also contributed to a temporary halt in growth of world milk production, but stocks of nonfat dry milk continued to grow, with the European Community holding some 63 percent of world stocks.

Expectations of a record world sugar crop, based on Southern Hemisphere harvests just completed, and a forecast moderate increase in consumption have caused world sugar prices to plunge to 1972 levels. Coffee and cocoa prices, however, have increased sharply. Prices for coffee are still responding to the 1975 Brazilian freeze, while those for cocoa reflect poor growing conditions in Western Africa. Although world cotton production in 1976/77 is expected to increase moderately above last year's poor crop, consumption is expected to again exceed exports. Although world tobacco production is again expected to be above trend and about equal to the large 1975 crop, the steady increase in tobacco consumption will likely bring some drawdown in stocks and a firming of prices.

ECONOMIC RECOVERY SLOWS¹

World economic activity has continued expanding in 1976 and the Organization for Economic Cooperation and Development (OECD) projects further, but perhaps slower, recovery in 1977. Through the first quarter of 1976, recovery was strong, bringing a good advance in world trade from the sharply reduced levels of 1975. In the second quarter, economic activity slowed considerably in leading countries, and available information indicates that the slackened pace extended into the third quarter. As a result, most growth projections for the latter half of 1976 and for 1977 have been lowered by one-half to 1 percentage point below earlier estimates.

¹This section is based partly on the more detailed review in the December 1976 *World Economic Conditions in Relation to Agricultural Trade*, published by the Economic Research Service.

Price advances in late 1975 and early 1976 were smaller than the year before, but they were unusually high for an early phase of economic recovery, and available measures of plant capacity point to considerable economic slack. Concerned about fueling inflation, the OECD and the International Monetary Fund (IMF) issued warnings against too expansionary monetary-fiscal policies to counter the slowing in economic activity. However, as the midyear slowdown in economic growth extended through the third quarter, the advice changed. The strong economies—the United States, West Germany, and Japan—were instead urged to adopt bolder monetary-fiscal policies to stimulate world economic recovery.

To offset high inflation rates, deteriorating trade balances, and adverse currency movements, several other developed countries—especially the

United Kingdom, Italy, and France—have adopted austerity measures. Each has raised its central bank interest rate and moved to cut budgetary deficits. Italy has extended its advance import deposit scheme into 1977. The adverse effects of the drought in Western Europe will put pressure on prices and trade balances, especially in the United Kingdom and France.

In the non-OPEC developing countries, trade and domestic agricultural production have favorably affected economic growth rates. Overall economic growth should exceed 4 percent in 1976 but will probably still be below the longrun rates. The more trade-oriented economies of Hong Kong, Taiwan, and South Korea are expected to grow fastest—possibly as much as 10 to 12 percent in 1976.

Prices for agricultural commodities and industrial raw materials exported by the developing countries have increased sharply in 1976. However, export prices may not continue growing so rapidly because of slowing economic growth rates and increased stocks of some commodities in the developed countries.

Financing problems of the non-OPEC developing countries have been less serious in 1976 because their current account deficits are an estimated \$5 billion lower than the \$37 billion in 1975. Bilateral and multilateral aid to these countries rose again in 1976. OECD estimates that official flows from developed countries were up \$2.5 billion

in 1976. Loans by the World Bank and the International Development Association rose 13 percent in fiscal 1976; these lenders are planning on continued increases in fiscal 1977, although cutbacks from earlier projected amounts were announced at their annual meeting.

Although future economic trends are always uncertain, the shortterm outlook in developed countries contains some unusual elements that are especially difficult to evaluate. These include the slowdown in economic recovery so soon after it began, the persistence of high unemployment and inflation, the effects of new restrictive measures to counter inflation, and the impact of OPEC petroleum price increases. Equally uncertain is the influence of these factors upon developments of the next 4 to 5 years.

The United Nations Secretariat suggests that the recovery underway is not expected to result in a vigorous upsurge in economic output in developed market economies. In the years immediately ahead, economic growth in these countries seems unlikely to regain the long-term pre-recession rate which averaged about 5 percent a year.

However, with the recovery in economic activity, imports of the developed market economies should be up about 6 percent for 1976 and should rise further in 1977. It is doubtful that the long-term pre-recession average of 9 percent a year will be reached in the second half of the 1970's.

WORLD PRICE DEVELOPMENTS

The prices of many agricultural commodities have declined on the basis of plentiful grain harvests. Wheat in November was 28 percent lower and corn 11 percent lower than a year ago.

Soybean prices strengthened when a short 1976 soybean crop indicated a tightening of the market in 1976/77. Soybean prices in November were 38 percent higher and soybean meal 20 percent higher than a year earlier. Soybean oil prices also strengthened, but competition from palm oil may temper pressure for further rises.

Coffee prices continue to climb and in November were 84 percent higher than a year ago. The effects of the poor 1976 Brazilian crop will be felt well through 1977. International cocoa bean prices were more than double a year ago. While cocoa bean prices may have peaked, relatively high prices are expected during the remainder of the 1976/77 because of the short West African harvest.

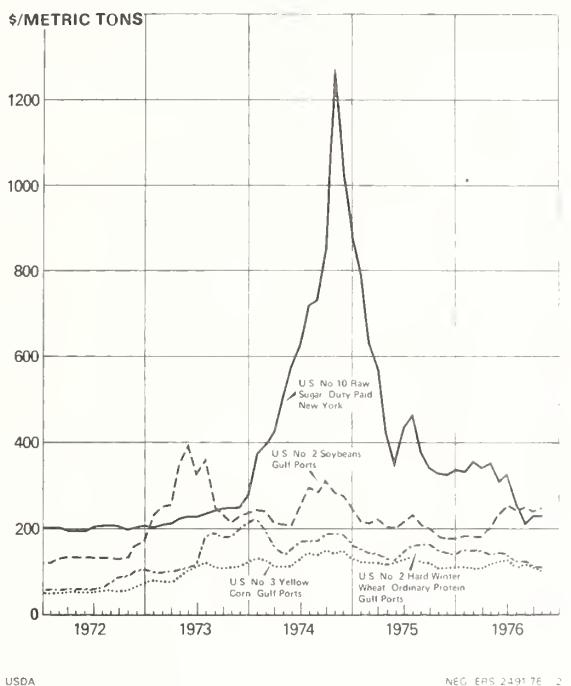
Cotton is priced 26 percent higher than a year ago because of the pickup in foreign demand for

U.S. cotton and the smaller than anticipated 1976 U.S. crop. Rubber prices were up 43 percent

Selected Prices of International Significance

Commodity	Unit	Nov. 1975	Oct. 1976	Nov. 1976
Wheat, U.S. # 2 hard , winter, f.o.b. Gulf ports . . .	\$/bu.	4.09	3.07	2.96
Corn, U.S. # 2 yellow f.o.b., Gulf ports	\$/bu.	2.79	2.79	2.53
Soybeans, U.S. # 2 yel- low, f.o.b. Gulf ports	\$/bu.	4.94	6.53	6.82
Rice, Thai white, 5% broken, f.o.b. Bangkok	\$/mt.	331	270	259
Cotton, U.S. Ariz., small 1-1/16 in. c.i.f. Osaka	\$/lb.	.59	.83	.83
Coffee, Santo # 4, New York spot	\$/lb.	.93	1.59	1.72
Cocoa beans, Accra, New York spot	\$/lb.	.69	1.38	1.54
Sugar, raw cane, 96° New York spot	c/lb.	15.03	10.65	10.45
Crude rubber, # 1 ribbed smoked sheet, N.Y. spot . . .	\$/lb.	.30	.42	.43

**INTERNATIONAL TRADE PRICES
OF SELECTED COMMODITIES** *Monthly, 1972-76*



because of the strengthened demand for natural rubber. In contrast, sugar prices were down 30 percent and cow meat down 4 percent. International rice prices were 22 percent lower than a year ago but are strengthening because of reduced 1976/77 prospects. November agricultural commodity price movements were mixed with little overall change in the index of prices.

Farm Prices

U.S. farm prices, at an index of 173 (1967=100) in November, were down 3 percent from a month earlier and 6 percent below a year ago (table 2). Contributing most to the October-November decline were lower prices for feed and food grains, hogs and cattle. Compared with a year ago, plentiful harvests both in the United States and abroad have generally dampened prices for most grains, potatoes, beef cattle, hogs, and broilers.

Canadian farm prices have also declined, falling 10 percent from a year ago. Both the crop and livestock sectors shared in the decline, with dairy the only major exception. Many other countries, including Japan and the EC-9, have maintained the level of farm prices through support programs (table 3).

Prices of Agricultural Inputs

In the United States, the November index of prices paid by farmers for agricultural inputs was

193 (1967=100), down one-half percent from a month earlier because of lower feed and feeder livestock prices (table 4). Input prices, however, were still 5 percent higher than a year ago. Livestock feed, farm equipment, fuel interest, taxes, and farm wages have pushed farm expenses upward.

Canadian farm input prices also continued to rise. Livestock-feed price ratios showed some improvement in favor of livestock feeding from a year ago. While hog-barley price ratios have declined, hog-corn and egg-feed price ratios have strengthened considerably.

In the EC, input prices are also up. Recent increases in livestock feed prices from a year ago in West Germany and the United Kingdom indicate that feed-livestock price ratios may be lowering the profitability of Western European livestock feeding enterprises.

Japanese farm input prices this August were 6 percent higher than in August 1975, increasing at a slightly lower rate than prices received by Japanese farmers. Feeder livestock was priced 5 percent higher, livestock feed 9 percent higher, and fertilizers 6 percent higher. Livestock-feed price ratios have been slipping from a year ago, particularly for laying hens and broilers.

Export and Import Prices

While U.S. export prices gained slightly during the summer months to reach an index of 211 (1967=100) in October, they were slightly lower than they were a year ago. While export prices for most grains have faltered, soybean and soybean meal, cotton, cattle hides, tobacco, and nonfat dried milk have strengthened.

The doubling of coffee import prices, the 42-percent rise for natural rubber, and the 35-percent increase in cocoa bean prices have driven the index of U.S. import prices (unit values) up a fourth from a year ago to 239 (1967=100). Import prices for beef, tobacco, bananas, tomatoes, and wool have also risen, while unit values for sugar, wines, canned hams, and live cattle were lower.

Japanese, West German, and Canadian agricultural import unit values generally changed in the same direction as U.S. export and import unit values (table 5). A major exception was soybeans, where Canadian and Japanese import unit values declined from a year ago because of forward contracting by those countries. The unit value index of West Germany's agricultural imports rose 14 percent. While EC import prices for grain are nearly the same as they were a year ago, application of the EC variable import levies resulted in EC users actually paying more than a year ago. In November 1976, the variable levy was \$100 a ton for wheat and \$75 a ton for corn, compared with \$35 a ton for both a year ago.

Table 2. Export and Import Unit Values of Selected Commodities Changes from the Same Month a Year Earlier

	United States	Japan	West Germany	Canada
Percent change				
Month	July	September	July	July
Wheat	-5.5 (X)	-14.6 (X)	-4.9 (I)	+2.0 (I)
Corn	-5.5 (X)	-6.8 (X)	-10.1 (I)	+4.0 (I)
Soybeans	+8.5 (X)	+14.1 (X)	-21.5 (I)	+15.1 (I)
Soybean Oil	-33.8 (X)	-26.0 (X)	---	---
Soybean Meal	+12.0 (X)	+20.1 (X)	---	+41.9 (I)
Cotton	+13.8 (X)	+28.8 (X)	+24.0 (I)	+64.4 (I)
Tobacco	+9.8 (X)	+8.3 (X)	---	+7.8 (I)
Rice	-28.8 (X)	-28.8 (X)	---	-28.1 (I)
Coffee	+102.7 (I)	+91.2 (I)	+71.7 (I)	+121.7 (I)
Sugar	-32.8 (I)	-41.4 (I)	-34.2 (I)	-6.2 (I)
Cocca Beans	+36.2 (I)	+27.8 (I)	+25.4 (I)	+61.2 (I)
Beef	+33.8 (I)	+15.4 (I)	---	-2.0 (I)
Natural Rubber	+51.3 (I)	+142.0 (I)	+40.3 (I)	+36.7 (I)
Export Unit Value Index	0	+3.0	+30.7	+6.4
Import Unit Value Index	+24.1	+24.6	-6.0	+13.9
				+2.7

I = Import, unit value

X = Export unit value

Table 3.-- Prices Received by Farmers for Selected Commodities Changes from the Same Month a Year Ago

Country	Month	Beef	Pork	Broilers	Eggs	Milk	Wheat	Corn	Rice	Barley	Soybeans	Food	potatoes	Index of prices received by farmers
<u>Percent Change</u>														
United States	November	-3.7	-36.7	-28.5	+12.2	-.9	-31.3	-13.3	-25.0	-13.2	+37.3	-19.3	-6.0	
Japan	August	+14.2	+8.3	+4.5	-9.5	+12.4	+7.8	---	+7.0	+8.9	---	+28.5	+7.2	
West Germany	September	-2.8	+0.8	+6.8	+19.2	+4.6	+8.9	---	---	+12.4	---	+135.2	+10.0	
France	June	-1.8	+8.2	+5.0	+20.7	+7.3	+25.1	+23.8	---	+18.6	---	+90.9	+11.3	
Italy	June	+13.6	+45.1	-9.2	+20.7	+7.3	+25.1	+23.8	---	+18.6	---	-173.8	<u>1</u> / +11.4	
Netherlands	June	-1.3	+6.1	0.0	+21.8	---	+11.4	---	---	+16.6	---	+573.2	<u>1</u> / +20.4	
Belgium	July	-10.2	-11.3	+5.9	+24.3	+9.5	+9.8	---	---	+17.4	---	+625.1	<u>1</u> / +19.7	
United Kingdom	September	+23.8	---	---	+14.7	+25.3	+31.1	---	---	+42.2	---	+70.1	+19.0	
Ireland	June	+32.0	+13.9	---	---	---	---	---	---	---	---	+153.9	<u>1</u> / +38.3	
Denmark	July	+9.8	+12.2	+14.5	+36.0	+10.9	+23.5	---	---	+13.9	---	+571.9	<u>1</u> / +12.5	

1/ December 1975.

Table 4 .--Index of prices received by farmers in selected countries

Country	:	1972	:	1973	:	1974	:	1975	:	1974				1975	:	1976	
										I	II	III	IV				
<u>1970 = 100</u>																	
Australia	:	119	166	159	150	174	163	150	149	148	147	149	157				
Belgium	:	112	127	126	142	127	118	111	122	124	136	134	143	145			
Canada	:	110	165	197	196	198	199	190	184	189	198	198	202	194	197		
Denmark	:	113	146	148	161	151	147	142	151	154	158	161	171	171	---		
France	:	118	133	138	150	137	133	130	141	141	145	145	154	154	---		
Germany	:	114	122	118	133	121	113	112	119	120	124	131	140	140	---		
Ireland	:	126	163	164	207	162	164	154	162	192	198	201	225	225	---		
Italy	:	116	145	171	192	161	157	165	183	181	184	184	198	198	---		
Japan	:	107	132	160	173	142	138	152	163	170	171	167	188	188	195		
Korea	:	148	164	216	---	193	215	218	225	241	253	275	275	275	---		
Netherlands	:	111	124	117	131	123	114	109	121	123	126	127	142	142	---		
New Zealand	:	123	173	156	---	176	162	151	137	129	132	140	159	166			
Norway	:	107	113	123	142	114	114	132	135	129	130	153	157	157	---		
Portugal	:	114	130	146	162	147	144	135	152	152	157	159	180	180	---		
Spain	:	125	141	153	177	144	160	146	159	164	182	176	183	189	189		
Sweden	:	112	123	134	150	130	135	130	137	143	144	154	159	163			
United Kingdom	:	114	147	166	205	168	157	133	181	186	192	201	227	227	---		
United States	:	115	156	167	165	183	180	165	165	161	172	171	169	169			
Yugoslavia	:	110	124	161	---	n.a.	n.a.	170	188	188	194	202	202	204			

Source: Adapted from data in Food and Agricultural Organization of the United Nations, Monthly Bulletin of Agricultural Economics and Statistics, May 1976, EC Index of Producer Prices of Agricultural Products, Annual Supplement to Selling Prices of Agricultural Products, 1976.

Table 5 .--Prices Paid by Farmers for Selected Inputs Changes from the Same Month a Year Ago

Country	Month	All		Compound feed for			All		Fertilizer		All		Gasoline for farm use		All Materials for Agricultural Production		
		Feed	Feed	Broilers	Chickens	Dairy	Cattle	Hogs	Cattle	Beef	Cattle	Aminium Sulfate	Superphosphate	Livestock	Feeder	Livestock	
- - - - - Percent change - - - - -																	
United States	October	+3.0	+3.6	+4.0	+13.4	+18.0	+10.4	-11.0	-24.2	-7.7	-4.0	+2.1	+4.9	+2.1	+4.9	+4.9	+4.9
Canada	April-June	0	---	---	---	---	---	-8.9	---	---	+11.9	---	+6.6	---	+6.6	---	+6.6
Japan	August	+8.7	+9.8	+8.5	+9.8	+8.3	+7.4	+6.1	+3	+4.7	+5.2	---	+5.9	---	+5.9	---	+5.9
West Germany	September	+18.3	+7.0	+7.6	+15.3	+5.2	---	-1.3	---	---	-5.1	+14.5	+6.6	+6.6	+6.6	+6.6	+6.6
Italy	May	---	+23.3	+23.0	+23.0	+30.1	+21.2	---	+10.2	+4.7	---	+18.2	---	+18.2	---	+18.2	---
Netherlands	June	---	+15.5	+15.7	+17.4	+17.0	+15.7	---	+7.8	-6.0	---	+5.9	---	+5.9	---	+5.9	---
Belgium	July	---	+16.5	+14.6	+13.8	+15.4	+14.0	---	+0.6	-5.7	---	+14.1	1/ +7.2	+14.1	1/ +7.2	+14.1	1/ +7.2
United Kingdom	September	+34.6	+29.4	+29.4	+19.9	+31.4	+27.8	+11.0	---	---	---	+29.2	---	+29.2	---	+29.2	---
Ireland	April	---	+15.0	---	---	---	+19.7	+15.6	---	---	---	+36.1	---	+36.1	---	+36.1	---
Denmark	---	---	---	---	---	---	+26.8	+27.5	---	+3.4	---	+19.5	---	+19.5	---	+19.5	---

1/ December 1975

Consumer Food Prices

In the United States, the October Consumer Price Index (CPI) for food was 182 (1967=100), 1 percent higher than a year ago, reflecting the relative stability of food prices over the year. Declines for cereal products, meat and poultry, fats and oils, and sugar were offset by increased prices for fish, fruits and vegetables, eggs, and non-alcoholic beverages.

Bangladesh and India, with improved food crops, have had declining food prices. Countries

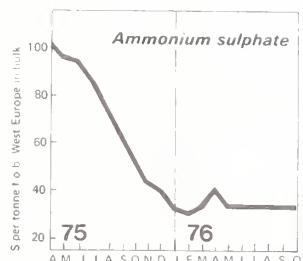
with changes of 5 percent or less in food price included Cameroon, Ecuador, West Germany, Iran, Malawi, Malaysia, Pakistan, Thailand and the United States. Australia, Colombia, Japan, Mexico, Netherlands, Paraguay, Philippines, Union of South Africa, and Venezuela had 6 to 10 percent higher food prices. Other countries have continued to face more rapidly rising food prices (table 6). U.S. consumers continue to spend a smaller share of total consumption expenditures on food, beverages, and tobacco than consumers in any other country (table 7). (H. Christine Collins)

WORLD FERTILIZER SITUATION

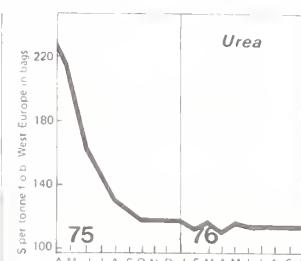
Increasing world fertilizer supplies and reduced import demand resulted in declining international fertilizer prices in 1975 and 1976. Attempts at modest price increases have proved difficult to maintain. For nitrogen and phosphate in particular, production capacity is expanding substantially. Moreover, inventories remain high in several major fertilizer importing countries.

In North America, applications of nitrogen fertilizers this fall reportedly exceeded last year's level, but recent reductions in grain prices could dampen fertilizer demand. A shift to more soybean acreage and less corn in the United States would dampen demand for fertilizer, especially nitrogen. Nitrogen supplies have been adequate despite delays in opening several large ammonia plants.

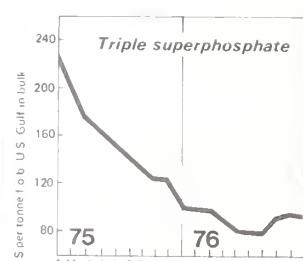
RECENT INTERNATIONAL PRICE TRENDS FOR PRINCIPAL FERTILIZERS



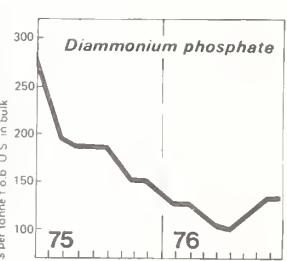
Prices in Europe are steady. Japanese product remains the cheapest from about \$26 per tonne f.o.b. bulk and the Americas have proved a ready market at this price level



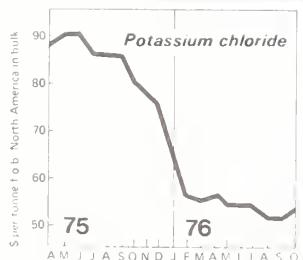
East European product is occasionally available for as low as \$85 per tonne f.o.b. in bags. Some West European bagged product has been sold at less than \$110. The U.S. is the best market for bulk at \$110/c. & f.



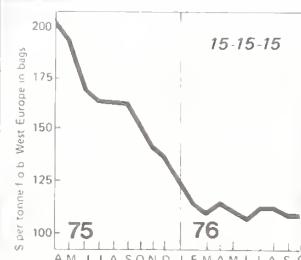
In the past three months prices have firmed considerably but there is now a weakening in price ideas for shipment in November and later



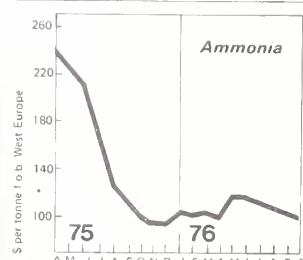
Bulk DAP prices have now stabilized at around the \$130-140 per tonne f.o.b. level, ex-U.S. Gulf and there is optimism for the future because of anticipated purchases in Asia



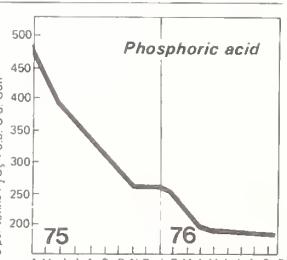
Prices have been stable but occasional spot sales especially out of Europe have provided a weaker under-tone to the market



NPK prices generally have firmed recently but the levels agreed in Turkey show the availability of large tonnages at prices around \$100 per tonne f.o.b. for bagged European 15-15-15 and 20-20-20.



The spot market for ammonia, in both the United States and Europe fluctuates from week to week. Supply and demand is limited but generally ammonia is available for less than \$105 per tonne f.o.b. equivalent



Phosphoric acid prices did not follow solid product in the upward spiral. If anything, the market has weakened and Turkey has bought acid for as low as \$200 per tonne P2O5 c. & f.

Source: British Sulphur Corporation, *Fertilizer International*, No. 89, November 1976, p. 5.

Table 6 .--The food component of the consumer price index in selected countries

Country					1974				1975				1976												
	1972		1973		1974		1975		I		II		III		IV		I		II		III		IV		
	:	:	:	:	:	:	I	:	II	:	III	:	IV	:	I	:	II	:	III	:	IV	:	I	:	II
:	<u>1970=100</u>																								
Argentina	: 231	359	413	1,187	373	389	410	479	575	711	1,384	2,079	3,372	---											
Australia	: 108	124	143	154	138	143	147	146	148	153	155	160	168	169											
Austria	: 110	118	128	136	125	127	130	131	133	135	139	139	142	143											
Bangladesh	: 148	147	248	300	178	204	266	347	347	299	291	264	241	234											
Belgium	: 109	117	128	143	123	127	131	133	136	140	145	150	156	159											
Cameroon	: 114	123	146	171	135	142	149	159	166	167	175	176	179	---											
Canada	: 109	125	145	164	136	142	148	153	156	160	169	170	168	168											
Colombia	: 128	169	215	281	194	215	212	238	272	298	276	279	301	316											
Czechoslovakia	: 99	100	100	100	99	100	100	100	100	100	100	100	100	100											
Denmark	: 116	131	147	163	140	144	148	155	158	163	168	164	172	179											
Ecuador	: 118	142	188	223	166	192	192	204	219	224	222	229	233	232											
Egypt	: 106	140	135	152	127	135	136	143	144	150	151	162	163	---											
Ethiopia	: 88	99	108	113	106	110	108	107	103	110	117	121	133	162											
France	: 115	126	141	158	134	139	142	146	149	154	158	162	166	170											
Germany, West	: 110	118	124	130	122	124	124	125	127	131	131	131	135	138											
Greece	: 109	133	169	189	163	170	169	175	184	190	183	200	212	219											
India	: 108	131	171	179	149	164	183	188	182	183	179	171	153	151											
Indonesia	: 113	162	229	277	217	229	227	244	259	268	278	302	324	327											
Iran	: 116	124	144	161	135	147	144	148	165	176	154	149	166	181											
Ireland	: 120	140	160	195	149	157	163	173	183	201	195	201	213	226											
Israel	: 123	149	215	314	196	208	205	253	298	314	308	338	353	387											
Italy	: 111	124	146	172	134	140	149	160	166	170	174	179	187	199											
Japan	: 110	124	159	180	150	155	161	169	174	178	180	186	190	195											
Jordan	: 118	140	189	219	183	201	181	191	211	226	204	233	285	265											
Korea	: 135	138	176	233	164	171	183	188	203	227	244	255	261	270											
Liberia	: 91	118	149	172	137	144	160	156	168	171	179	172	168	170											
Malawi	: 116	124	144	172	140	139	147	151	166	168	168	185	188	172											
Malaysia	: 105	121	154	159	148	151	154	160	162	157	158	159	161	160											
Mexico	: 109	126	164	184	154	161	167	173	176	182	189	191	197	200											
Morocco	: 112	118	141	152	138	140	140	147	149	150	152	168	172	177											
Mozambique	: 130	127	155	---	148	150	160	163	172	174	174	---	---	---											
Netherlands	: 111	120	129	139	126	126	129	133	135	137	140	143	147	151											
New Zealand	: 114	127	142	157	137	140	144	146	147	153	160	168	175	183											
Niger	: 123	144	148	160	145	144	154	148	152	156	164	168	175	191											
Nigeria	: 126	120	150	214	143	153	153	153	179	214	228	237	267	264											
Pakistan	: 105	131	171	209	154	163	180	187	197	211	215	217	212	216											
Paraguay	: 121	147	183	192	192	183	178	180	187	183	195	201	203	201											
Peru	: 115	126	150	199	138	147	155	160	180	180	196	212	233	237											
Philippines	: 157	164	237	253	211	233	252	253	256	250	251	257	271	276											
Poland	: 100	102	113	114	108	112	118	114	113	114	114	115	---	---											
Portugal	: 120	131	173	214	153	165	181	193	203	211	216	226	250	248											
Rep. of South Africa	: 112	129	149	171	137	142	154	161	166	168	174	176	178	180											
Spain	: 118	132	152	177	142	148	154	162	168	174	183	184	192	210											
Sri Lanka	: 108	122	139	150	133	135	141	147	149	150	150	149	149	149											
Sweden	: 119	126	134	150	132	130	133	139	142	146	154	158	162	168											
Thailand	: 101	122	157	164	143	160	162	165	160	163	164	168	170	171											
Turkey	: 127	152	181	235	163	173	189	198	221	237	236	247	260	275											
United Kingdom	: 121	139	164	206	156	162	164	174	188	206	211	219	234	243											
United States	: 108	123	141	153	137	139	142	146	149	150	155	157	157	157											
Uruguay	: 241	489	844	1,442	667	728	868	1,111	1,268	1,328	1,459	1,710	1,823	3,788											
Venezuela	: 109	117	132	151	122	122	138	144	146	149	152	157	157	161											
Yugoslavia	: 139	169	196	252	194	202	200	214	232	249	256	271	---	---											
Zaire	: 133	155	200	---	196	204	199	210	220	242	261	---	---	---											
Zambia	: 112	119	129	---	128	129	130	132	137	142	149	149	---	---											

Source: International Labor Office, Bulletin of Labor Statistics.

Table 7 .--Food, beverages and tobacco, share of private final consumption expenditures in selected countries

Country	1972	1973	1974
Australia	27.5	27.2	26.0
Austria	32.4	32.4	n.a.
Belgium	29.6	28.9	28.0
Canada	22.5	22.9	23.3
Denmark	29.1	29.2	30.1
Finland	38.8	37.6	36.6
France	27.0	26.7	25.8
West Germany	28.5	28.2	27.8
Greece	42.0	43.1	43.2
Ireland	44.7	44.2	n.a.
Japan	32.9	32.3	33.0
Netherlands	26.9	27.1	26.4
Norway	30.5	30.2	29.4
Portugal	49.0	46.6	n.a.
Spain	35.8	35.7	36.6
Sweden	29.1	28.9	28.0
United Kingdom	30.9	30.8	31.2
United States	17.4	18.1	n.a.

Source: National Accounts of OECD Countries, 1974.

Their completion, together with other planned capacity in 1977 point to continued adequate supplies of nitrogen. Ample supplies limit the possibility for world price increases for nitrogen in 1977, barring a large increase in prices for oil and energy on which nitrogen production depends. Assuming fertilizer prices do not rise much, an increase in world nitrogen consumption in 1976/77 is expected.

International prices for phosphate fertilizers have shown some signs of firming, but sustaining such prices has proved difficult because of abundant supplies. The return into operation of some U.S. capacity closed earlier this year for maintenance and other purposes may depress prices and create a surplus of phosphate supplies in 1977.

The current phosphate rock situation appears to reflect the ample stocks of phosphate fertilizer.

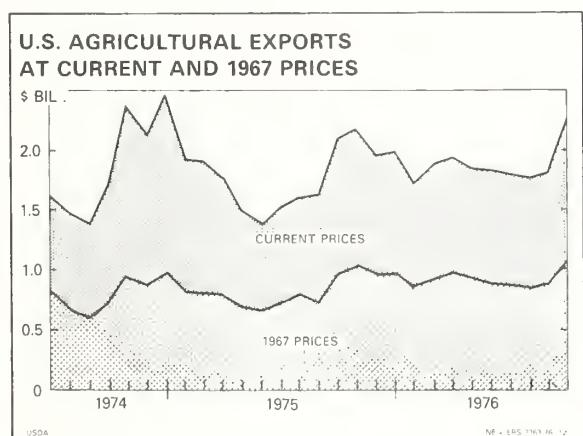
Moroccan phosphate rock exports for 1976 are expected to be only slightly above last year. In the United States inventories are more than 60 percent above a year ago, and more than double 1974 levels. U.S. exporters have been discounting prices to European countries. Sales by major U.S. rock producers in the third quarter of this year have shown little signs of recovery. Indications so far are that any revival in rock demand will be delayed and that 1976 sales figures will not be much improved over 1975.

Due to the general slack in fertilizer markets, potash demand has been depressed for well over a year. The future effectiveness of Canpotex, the Canadian association formed to regulate Saskatchewan potash production and exports, became uncertain when a third producer recently withdrew. (Kathryn Kayser and Richard Reidinger)

U.S. AGRICULTURAL TRADE²

U.S. agricultural exports and imports were at all-time highs during October 1975-September 1976. Exports of \$22.8 billion and imports of \$10.5 billion resulted in a U.S. agricultural trade surplus of over \$12 billion. This surplus was especially beneficial because as economic recovery began, non-agricultural imports expanded. A \$14.5-billion deficit was recorded for trade in nonagricultural products during 1975/76.

Unless otherwise indicated, U.S. trade data are now reported for the new Federal fiscal year period which runs from October 1 through September 30.



²This section is based partly on the more detailed review contained in the November 15, 1976 *Outlook for U.S. Agricultural Exports* published by the Economic Research Service and the Foreign Agricultural Service.

Thus, all historical data cited in this section are based on an October-September year.

Fiscal 1977 U.S. agricultural exports are expected to total near last year's value. A value increase of about 15 percent is expected for agricultural imports.

Fiscal 1977 U.S. Export Volume May Drop

Higher unit values for soybeans, protein meals, and fibers and tobacco are expected to offset a slight reduction in total export volume and lower grain prices. Major factors behind the export forecast include:

- an 8-percent increase in world grain production in 1976/77, and large exportable supplies of grains in major competing countries.

- the continuation of a slowed pace in economic recovery abroad.

- rising demand for livestock feeds abroad.
- last summer's European drought, which reduced crop production, forage supplies, and pasture conditions in some major agricultural areas.

- excellent recovery in Soviet grain production in 1976.

- projected gains in domestic demand for grains, protein meal, and cotton.

The United States harvested a record grain crop in 1976. Wheat, especially, is in plentiful supply because of increased carryin stocks and another big crop. Yet, a 5 to 10-percent decline is expected from 1975/76 world trade of 83 million tons. Much of the anticipated drop is attributed to reduced Soviet purchases.

Higher prices are expected to boost the value of U.S. oilseed and oilseed product exports to over \$6 billion in fiscal 1977 from \$4.7 billion a year earlier. Although the 1976 U.S. soybean crop is down almost a fifth, soybean exports are expected to decline only marginally. Oilmeal exports will be down 5 to 10 percent.

The 1976 U.S. cotton crop is more than a fifth larger than the 1975 crop, which was the smallest in 8 years. Domestic and foreign demand for cotton appear to have strengthened. Accordingly, U.S. cotton export volume is expected to increase 30 to 40 percent from fiscal 1976. Strong growth is expected to the developing countries of East Asia, the predominant market for U.S. cotton, and shipments are likely to increase to Japan, South Asia, Western Europe, and Canada.

In fiscal 1977, higher values are expected for exports to the two largest markets for U.S. agricultural products, the European Community (EC) and Japan. Shipments to the EC will be up about a

tenth in value, mainly due to large shipments of feed grains and sustained sales of protein feed at higher prices. Wheat shipments are expected to increase, but the total value will be lower. Tobacco shipments to the EC may be down a tenth in volume. The expected value increase for U.S. agricultural exports to Japan will result from higher unit values for soybeans and expanded volume for soybeans, feed grains, and cotton. Declines are likely for shipments of U.S. wheat and tobacco to Japan.

Higher Prices Boost Agricultural Prices

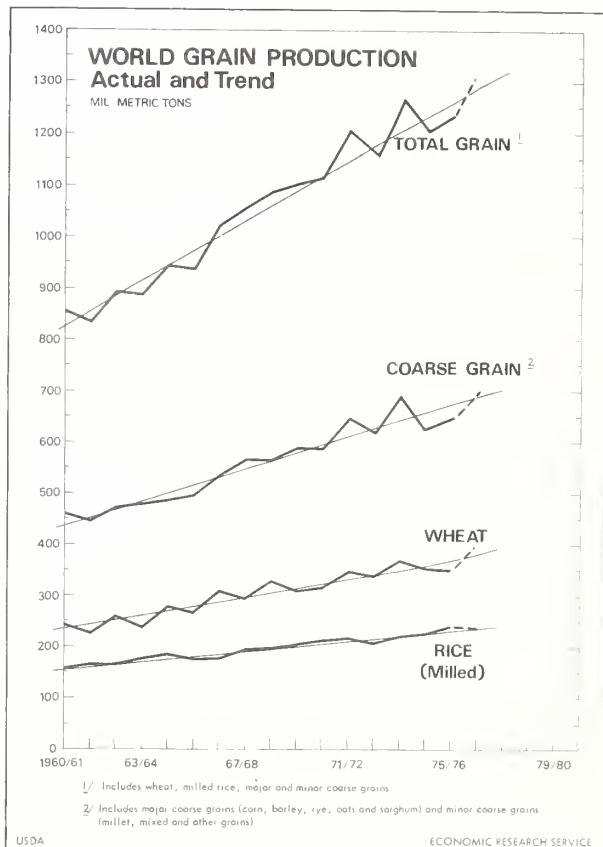
Higher prices for coffee, cocoa, and rubber will be behind most of the \$1.5-billion increase in U.S. agricultural imports expected during fiscal 1977. A smaller volume of coffee imports is expected in fiscal 1977 as U.S. coffee consumption continues to fall. Per capita consumption fell from 12.3 pounds in 1975 to an estimated 12.0 pounds in 1976 and may fall further in 1977. (Sally E. Breedlove)

WORLD GRAIN SITUATION IMPROVING

Recent reports confirm the marked improvement in the world grain situation that was forecast earlier in the year. Bumper 1976/77 grain crops have eased much of the supply pressure of the last 3 to 4 years. Despite prospects for record usage, the grain consumption levels currently forecast for 1976/77 are expected to fall below the trend of the last 16 years and leave as much as a third of the expected increase in production available for stock augmentation. Carryover at the end of the current year could consequently hit a 5-year high. A marked reduction in world grain trade is also likely—largely as a result of improved supply-demand balances in several key importing countries. Both international prices and the domestic prices of the major trading countries have weakened under the pressure of record supplies and lagging demand, and are likely to continue well below levels reported a year ago.

World Production

Reports on harvests in the Northern Hemisphere and pre-harvest reports from the Southern Hemisphere suggest a record 1976/77 world grain outturn of 1,321 million tons. This would be more than 100 million tons above last year's disappointing crop, more than 70 million tons above the production record set in 1973/74, and well above the trend of the last 16 years (table 8).



Per capita world grain supply

Year	Carryin stock	Production	Supplies
	kilograms	kilograms	kilograms
1960/61-62/63 ..	56.6	278.5	335.1
1969/70-71/72 ..	51.6	309.7	361.3
1973/74	33.6	327.6	361.2
1974/75	34.0	309.3	343.3
1975/76	31.0	308.6	339.6
1976/77	31.7	¹ 327.8	¹ 359.5
1977/78	¹ 41.2		

¹ Forecast.

However, this year's increases in output are barely large enough to pull per capita production levels back up to the high reported in 1973/74. Furthermore, low 1976/77 carryin stocks will keep per capita supplies of grain (carryin stocks plus production) available for consumption below both the 1973/74 level and the highs reported in the late 1960's and early 1970's.

This year's production increases have been heavily concentrated in a few key countries. Production gains in the Soviet Union, Canada, the United States and a handful of the developing countries of Latin America, North Africa, and the Middle East account for virtually all of this year's gross world increase. Recovery from an exceptionally poor 1975/76 crop pushed production in the Soviet Union up 78 million tons—roughly four-fifths of this year's net world increase. Bumper crops well above previous production records are also expected in Canada and several of the developing countries due largely to increases in area; a new production record is also forecast in the United States despite the effects of poor weather through much of the spring crop growing season. Harvests in the other countries of the world are forecast virtually unchanged or below levels of a year ago, in the case of the EC and parts of South, Southeast, and East Asia.

This year's production increases are also heavily concentrated in a few individual grains (tables 9 to 15). The largest increases are reported in wheat—up almost 55 million tons or more than 15 percent above levels of a year ago. Aggregate coarse grain production is forecast to be up about 50 million tons, 8 percent above levels of a year ago. This year's coarse grain increases are reported concentrated in barley—up almost 30 million tons—with only marginal changes in corn, rye, oats, sorghum, and millet. Milled rice production, however, is expected to fall 5 million tons from last year's record. Production in all three grain categories, however, is reported above trend—well above trend in the case of wheat and marginally above trend for both coarse grains and rice.

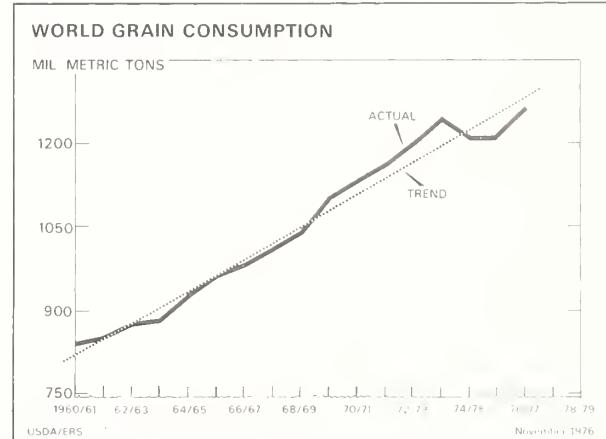
Analysis of these preliminary production data suggest increased world dependence on crop devel-

opments in a few key countries—namely the Soviet Union, the United States, and Canada. Over the last 5 years, these three countries, which account for 40 percent of world grain production, have accounted for more than 80 percent of the year-to-year variability in grain production and an even larger share of the fluctuations in world trade. The Soviet fluctuations are the single largest in both cases.

World Consumption

Preliminary data for 1976/77 also suggest a new grain consumption record of 1,277 million tons, up more than 60 million tons from the depressed 1975/76 level, but over 30 million tons above the 1973/74 record. The consumption levels currently forecast would be well below the 16-year trend and would account for about three-fifths of the forecast increase in production. This year's lagging growth in consumption apparently is due to slowed recovery in livestock feeding rather than to any slowdown in food, seed, or industrial use of grain. Both total and per capita nonfeed use of grain are forecast at an all time high well above trend.

Feed use of grains in 1976/77 is expected to increase only marginally, however, and to continue



Per capita world grain demand

Year	Consumption	Feed use	Nonfeed use
	kilograms	kilograms	kilograms
1960/61-62/63 ..	278.3	72.0	206.3
1969/70-71/72 ..	311.9	92.7	219.2
1973/74	323.5	94.5	229.0
1974/75	310.7	82.6	228.1
1975/76	305.4	82.9	222.5
1976/77 ¹	317.5	82.5	235.0

¹ Forecast.

Table 8.-- World Grain Production, Consumption, and Net Exports

Person/Country	1960/61-62/63	1969/70-71/72	1973/74	1974/75	1975/76	1976/77
	Pro- duction	Con- sumption	Net exports	Pro- duction	Con- sumption	Net exports
Million metric tons						
- - - - -						
Developed Countries	317.56	301.86	18.87	404.07	377.71	30.11
United States	168.26	139.78	32.42	208.74	169.71	10.05
Canada	23.76	15.14	9.61	34.40	22.13	14.38
EC-9	71.50	91.99	-21.55	94.23	111.55	-16.19
Other Western Europe	20.70	24.88	-4.25	28.89	33.72	-4.93
South Africa	6.98	4.69	1.73	10.14	7.14	1.63
Japan	15.60	20.98	-5.26	12.70	27.85	-14.43
Oceania	10.76	4.42	6.17	14.97	6.32	10.80
Centrally Planned Countries	284.79	298.35	-3.27	400.75	415.66	-5.56
Eastern Europe	57.59	64.52	-6.63	74.97	82.77	-7.42
USSR	126.31	119.02	7.29	167.44	171.47	-3.95
PR China	110.90	114.83	-3.93	158.33	161.42	-3.09
Developing Countries	233.07	243.88	-12.06	307.56	324.83	-16.75
Middle America	9.66	10.43	-.83	15.80	16.95	-.95
Venezuela	.53	.92	-.59	.83	1.77	-.95
Brazil	14.19	16.12	-2.25	20.45	22.07	-.74
Argentina	13.17	8.26	5.19	19.40	11.24	8.21
Other South America	5.62	6.68	-1.02	6.79	8.92	-2.07
North Africa/Middle East	32.28	37.56	-5.52	40.44	49.42	-8.66
Central Africa	18.67	19.48	-.80	21.99	23.76	-1.77
East Africa	7.38	7.31	.06	9.68	9.82	-.33
South Asia	92.09	97.42	-6.16	110.10	123.39	-5.13
Southeast Asia	17.31	13.40	3.95	22.90	19.77	3.33
East Asia	22.18	26.32	-4.15	30.24	37.74	-8.11
Rest of World	6.45	7.38	-.92	6.83	9.08	-2.25
Total above	851.87	851.51	---	1,119.19	1,127.29	---
World total 1/	882.48	855.50	---	1,119.76	1,131.42	---

1/ World Total based on wheat, milled rice and coarse grain totals taken from the December issue of the Foreign Agricultural Circular on Grains.

Note: Production and Consumption quoted on a local marketing year basis; Net Exports quoted on a July-June year to facilitate comparisons with U.S. fiscal year trade data.

Table 9.-- World Wheat Production, Consumption, and Net Exports

Region/Country	1960/61-62/63			1969/70-71/72			1973/74			1974/75			1975/76			1976/77		
	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-	Net
- - - - - Million metric tons - - - - -																		
Developed Countries	94.22	74.34	20.64	87.87	28.83	127.66	85.26	42.44	132.27	85.70	44.11	138.22	84.75	48.03	143.30	89.65	41.71	
United States	33.38	16.31	18.14	10.03	21.93	17.14	46.40	20.65	30.97	48.88	19.07	27.99	58.08	20.11	31.47	57.99	21.91	
Canada	12.40	3.97	9.42	13.90	4.67	11.42	16.16	4.60	11.49	13.30	4.61	11.19	11.08	4.88	12.13	23.57	4.88	
EC-9	29.80	35.99	-7.19	36.86	40.88	-3.35	41.39	30.90	.27	45.39	40.67	1.98	38.14	38.25	2.38	39.46	40.83	
Other Western Europe	8.46	10.54	-2.07	9.88	10.76	-.78	9.40	9.44	-.87	11.31	10.78	1.15	10.85	.02	11.00	11.11	.11	
South Africa	.78	1.13	-.13	1.46	1.34	-.06	1.87	1.56	.52	1.60	1.64	.07	1.79	1.74	.03	2.09	1.78	
Japan	1.65	4.25	-2.68	.56	5.25	-.70	.20	5.59	-.32	.23	5.57	-.38	.24	5.73	-.89	.24	5.87	
Oceania	7.75	2.37	5.17	9.35	3.04	8.56	12.24	4.13	5.38	11.56	3.36	8.11	12.49	3.19	7.89	9.05	3.27	
Centrally Planned Countries	107.85	-4.29	148.77	159.30	-3.69	175.64	174.26	-8.76	155.01	160.03	-7.20	133.72	156.71	-15.62	167.28	162.20	-12.20	
Eastern Europe	16.88	22.66	-5.46	26.24	30.98	-4.35	34.90	34.66	34.67	34.16	35.98	-3.01	28.50	33.69	-3.82	33.28	36.70	
USSR	67.19	62.18	5.01	92.80	94.67	4.78	109.78	90.23	.55	83.85	90.35	66.22	81.82	9.60	95.00	84.00	4.50	
PR China	19.17	23.01	-3.84	29.73	33.65	-3.92	34.40	40.04	-.64	37.00	42.70	5.69	39.00	41.20	-2.20	39.00	41.20	
Developing Countries	43.22	57.49	-14.67	63.62	84.69	-20.90	67.97	99.45	-29.35	68.82	99.21	-31.72	76.96	102.53	-29.82	89.03	107.75	
Middle America	1.38	1.89	-.56	2.06	2.91	-.81	2.04	3.44	-.47	2.43	3.58	-.49	2.88	3.80	-.76	3.05	3.12	
Venezuela	-.33	-.33	---	-.71	-.71	---	-.60	-.60	---	-.58	-.94	---	-.58	-.55	---	-.68	-.77	
Brazil	.66	2.82	-2.29	3.77	1.78	1.93	4.31	2.44	2.82	4.65	1.96	1.59	5.10	3.43	3.43	5.48	5.20	
Argentina	5.13	3.49	2.05	5.87	4.39	1.55	6.56	4.22	1.10	5.97	4.50	2.17	6.57	4.58	3.19	11.50	4.80	
Other South America	1.88	2.95	-.05	1.91	3.76	1.76	1.30	4.07	2.00	1.78	3.98	2.47	1.59	4.01	2.41	1.92	4.16	
North Africa/Middle East	15.67	20.34	-4.88	20.44	28.14	-7.55	19.47	31.12	-10.02	22.20	32.76	-11.16	25.22	33.78	-10.08	28.99	36.27	
Central Africa	.67	1.10	-.43	.86	2.01	-.15	.55	1.85	-.29	.68	2.04	-.29	.90	2.33	-.43	.90	2.36	
East Africa	.12	.28	-.16	.31	.57	.24	.28	.66	-.39	.26	.60	-.48	.36	.74	-.41	.73	.40	
South Asia	17.49	22.12	-5.06	30.14	33.74	-4.37	35.62	44.34	-.69	32.57	41.73	-10.00	35.71	42.95	-.49	38.84	44.36	
Southeast Asia	.01	.20	-.19	.03	.42	-.39	.04	.29	-.26	.04	.40	-.04	.40	-.38	.04	.45	.42	
East Asia	.21	1.97	-1.77	.22	4.27	4.13	.10	4.55	4.10	.07	4.36	4.22	.10	4.26	4.07	.08	4.84	
Rest of World	.21	.83	-.61	.32	2.17	-1.85	.38	2.50	-2.12	.37	2.02	-1.65	.37	2.02	-1.65	.37	2.02	
Total above	240.89	240.51	---	324.75	334.03	---	371.65	362.17	---	356.47	355.96	---	349.27	346.01	---	399.98	361.60	
World total 1/	240.98	242.10	---	324.86	334.82	---	372.3	368.1	---	356.5	359.7	---	340.2	348.3	---	401.2	362.4	

1/ World Totals taken from the December issue of the Foreign Agricultural Circular on Grains.
 Note: Production and Consumption quoted on local marketing year basis; Net Exports quoted on July-June year to facilitate comparisons with U.S. fiscal year trade data.

Table 10.-World Milled Rice Production, Consumption, and Net Exports

Region/Country	1960/61-62/63			1969/70-71/72			1973/74			1974/75			1975/76			1976/77		
	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-	
million metric tons																		
Developed Countries	14.53	14.23	.54	15.56	14.21	2.31	15.59	13.96	1.58	16.30	2.24	17.48	14.36	1.80	15.81	14.37	1.80	
United States	1.88	.95	.98	2.88	1.27	1.66	3.04	1.35	1.60	3.67	1.43	2.21	4.06	1.37	2.01	3.67	1.37	
Canada	-.04	-.04	---	-.05	-.05	---	-.07	-.07	---	-.06	-.06	---	-.06	-.06	---	-.06	-.06	
20-9	.55	.75	-.21	.66	.74	-.07	.77	.81	-.16	.76	.73	.02	.74	.83	-.10	.72	.06	
Other Western Europe	.40	.43	-.04	.43	.47	-.04	.43	.52	-.10	.40	.47	-.08	.40	.53	-.15	.72	-.10	
South Africa	-.04	-.04	---	-.07	-.07	---	-.10	-.10	---	-.07	-.07	---	-.08	-.08	---	.38	.53	
Japan	11.61	11.98	-.36	11.40	11.54	-.54	11.06	11.02	-.25	11.19	11.07	-.02	11.98	11.39	-.03	10.72	11.39	-.03
Oceania	.00	.04	.05	.19	.07	.14	.29	.09	.16	.28	.10	.20	.30	.10	.21	.32	.10	
Centrally Planned Countries	52.07	51.79	.29	72.86	72.44	.43	78.10	76.39	1.69	82.97	31.95	1.03	94.41	83.06	.75	83.81	83.06	.75
Eastern Europe	.08	.25	-.16	.14	.37	-.22	.14	.34	-.22	.13	.33	-.10	.14	.35	-.20	.15	.35	
USSR	.15	.33	-.18	.83	1.10	-.28	1.15	1.21	-.06	1.24	1.52	-.28	1.31	1.63	-.25	1.25	1.38	1.63
P. R. China	.51.94	51.21	.63	71.89	70.97	.93	76.81	74.84	1.97	91.60	80.10	1.50	92.96	91.08	1.20	82.28	81.08	1.20
Developing Countries	80.89	89.73	.10	114.55	115.68	-.45	119.98	120.97	-.05	119.43	122.93	-.31	131.41	132.29	-.31	128.65	132.29	-.31
Middle America	.50	.54	-.04	.70	.77	-.06	.74	.81	-.05	.79	.88	-.15	.96	1.02	-.05	1.05	1.02	-.10
Venezuela	.05	.07	-.01	.13	.12	-.02	.20	.18	.07	.19	.19	.03	.20	.20	-.05	.20	-.05	
Brazil	3.78	3.72	-.07	4.12	3.98	.10	4.37	4.43	.01	4.76	4.62	-.04	5.78	5.34	.10	5.44	5.34	.10
Argentina	.11	.09	.02	.21	.15	.07	.21	.13	.06	.23	.14	.06	.20	.20	.10	.13	.10	
Other South America	.97	.86	.11	1.41	1.29	.09	1.61	1.31	.21	1.96	1.59	.30	2.13	1.85	.30	2.20	1.85	.30
North Africa/Middle East	1.74	1.78	-.04	2.81	2.71	.09	2.47	2.93	-.49	2.44	3.42	-.06	2.64	3.68	-.97	2.04	3.87	.30
Central Africa	2.10	2.47	-.36	2.76	3.29	-.54	2.77	3.48	-.73	3.10	3.76	-.66	3.26	3.97	-.65	2.72	3.68	.97
East Africa	.15	.15	-.01	.19	.20	.16	.18	.18	---	.18	.19	.01	.17	.23	-.07	3.26	3.87	-.65
South Asia	47.34	48.27	-.96	58.63	65	.61	61.00	59.66	.34	59.07	59.34	.02	66.10	64.37	-.03	62.45	64.37	-.03
Southeast Asia	11.42	13.02	3.39	20.52	18.79	1.91	20.75	19.90	.64	20.90	20.06	.78	22.62	21.49	1.47	22.36	21.49	1.47
East Asia	16.77	18.76	-1.93	23.65	25.75	-2.41	25.68	27.96	-3.15	26.86	28.79	-2.56	27.45	30.11	-2.36	28.27	30.11	-2.36
Pest of World	4.13	4.38	-.20	4.69	4.91	-.22	5.15	5.17	-.02	5.79	5.77	.02	5.65	5.99	-.23	5.71	5.99	-.23
Total above	169.67	160.13	---	207.66	207.24	---	218.82	216.49	---	224.54	224.68	---	238.95	235.70	---	233.98	235.70	---
World total 1/	160.3	160.3	---	207.8	207.5	---	219.0	216.7	---	224.7	224.9	---	239.3	234.6	---	234.1	236.2	---

1/ World Total taken from the December issue of the Foreign Agricultural Circular on Grains.

Note: Production and Consumption quoted on local marketing year basis; Net Exports quoted on July-June basis to facilitate comparisons with U.S. Fiscal year trade data.

Table 11.--World Coarse Grain Production, Consumption, and Net Exports

Region/Country	1960/61-62/63			1969/70-71/72			1973/74			1974/75			1975/76			1976/77			
	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-	Net	
- - - - - Million metric tons - - - - -																			
Developed Countries	208.81	213.30	-2.33	276.47	275.64	-.83	308.44	302.90	12.83	268.02	265.27	6.74	299.88	277.37	23.99	298.42	288.48	7.86	
United States	133.00	122.52	13.30	165.83	145.81	19.45	186.59	156.05	44.25	150.47	121.79	33.66	184.09	132.94	46.07	188.92	139.59	48.35	
Canada	11.36	11.13	.23	20.50	17.41	3.01	20.41	18.74	1.64	17.44	16.14	1.33	19.99	16.78	4.32	21.18	16.93	3.91	
EC-9	61.15	55.25	-4.15	56.71	69.93	-12.77	64.41	77.22	-12.97	62.80	75.66	-14.48	59.10	75.14	-12.70	51.16	77.63	-26.13	
Other Western Europe	11.84	13.91	-2.14	18.58	22.49	-4.11	19.61	27.73	-8.28	22.26	29.29	-7.74	22.43	29.34	-6.60	21.66	30.28	-8.69	
South Africa	6.20	3.74	1.10	8.68	5.13	1.76	11.92	6.80	4.42	9.70	6.86	3.49	7.81	7.03	3.33	9.67	6.86	1.88	
Japan	2.34	4.75	-2.42	7.4	11.06	-10.27	1.29	13.78	-14.11	1.29	13.32	-13.12	1.27	13.76	-13.50	1.28	14.76	-14.51	3.05
Oceania	2.92	2.00	.95	5.43	3.21	2.10	5.21	2.58	1.88	5.06	2.21	3.00	6.19	2.38	3.27	5.55	2.43	3.05	
Centrally Planned Countries	139.49	138.72	-.73	179.11	183.92	-3.29	213.80	219.99	-9.40	217.96	225.49	-7.36	187.54	208.24	-19.70	234.12	241.70	-9.47	
Eastern Europe	40.63	41.60	-1.01	46.59	51.12	-2.65	55.74	56.74	-1.21	57.29	62.66	-5.20	59.80	62.86	-4.06	57.12	63.25	-5.92	
USSR	58.97	56.51	2.46	73.81	75.70	-.55	100.95	104.14	-6.19	99.69	101.42	-1.73	65.75	83.30	-15.55	115.00	116.50	-3.50	
PR China	39.89	40.61	-.72	56.71	56.80	-.09	57.11	59.11	-2.00	60.98	61.41	-.43	61.99	62.08	-.09	62.00	61.95	-.05	
Developing Countries	99.96	96.67	2.53	129.38	124.46	5.60	135.08	130.33	1.53	130.95	132.17	1.55	141.68	139.79	-7.70	147.07	144.47	.95	
Middle America	7.78	8.00	-.23	13.03	13.25	-.07	14.62	16.11	-2.35	13.21	16.60	-3.15	17.40	17.45	-2.54	15.13	18.19	-2.26	
Venezuela	.47	.51	-.05	.70	.94	-.26	.46	1.18	-.74	.59	1.18	-.67	.72	1.25	-.48	.65	1.38	-.75	
Brazil	9.75	9.58	-.03	14.55	14.32	.98	15.57	14.58	.31	15.56	14.92	1.41	17.92	15.67	1.30	19.72	16.13	1.99	
Argentina	7.93	6.68	3.12	13.32	6.70	6.59	17.94	8.95	8.36	13.19	7.55	8.50	12.44	7.41	5.32	14.78	7.65	5.85	
Other South America	2.77	2.87	-.08	3.47	3.87	-.40	3.95	4.46	-.57	3.63	4.18	-.59	4.07	4.41	-.33	4.19	4.71	-.38	
North Africa/Middle East	14.87	15.44	-.60	17.19	18.57	-1.21	15.25	17.65	-2.27	18.31	20.58	-2.60	19.01	21.12	-2.33	20.59	23.12	-2.45	
Central Africa	15.90	15.91	.01	18.37	18.46	-.08	15.30	15.68	-.04	17.50	17.60	-.10	18.23	18.45	-.22	18.51	18.75	-.26	
East Africa	7.11	6.88	.23	9.12	9.05	-.05	9.88	9.51	.73	9.26	9.33	-.07	10.06	9.87	.20	9.75	9.97	.22	
South Asia	27.29	27.03	.14	30.91	31.92	-.11	32.50	32.69	-.06	28.90	29.65	-.46	33.02	32.93	-.72	32.73	33.09	..12	
Southeast Asia	.90	.75	2.35	.56	1.81	2.77	.62	2.30	3.01	3.01	2.17	3.56	2.07	3.26	1.09	2.20	1.09	2.20	
East Asia	5.20	5.50	-.45	6.37	7.12	-1.57	6.84	8.90	-2.78	7.19	9.80	-2.89	7.35	10.27	2.54	7.46	10.79	-3.09	
Rest of World	2.06	2.17	-.11	1.82	2.00	-.18	1.86	2.34	-.48	2.22	2.37	-.15	2.62	2.69	-.70	2.62	2.69	-.07	
Total above	450.32	450.87	---	586.78	586.02	---	659.18	655.56	---	619.15	625.28	---	631.72	628.0	---	682.23	677.34	---	
World total 1/	450.7	453.1	---	587.1	589.1	---	660.5	662.3	---	620.2	626.0	---	632.4	633.9	---	682.9	678.1	---	

1/ World total taken from the December issue of the *Foreign Agricultural Circular* on Grains.

Note: Production and Consumption quoted on a local marketing year basis; Net Exports quoted on a July-June basis to facilitate comparison with U.S. fiscal year trade data.

Table 12-- World Per Capita Grain Production, Consumption, and Net Exports

Region/Country	1960/61-62/63	1967/68-71/72	1972/73	1973/74	1974/75	1975/76	1976/77
	Production	Consumption	Net exports	Production	Consumption	Net exports	Production
Developed Countries							
United States	490.9	466.2	31.7	568.8	531.3	44.7	619.9
Canada	917.0	761.3	178.1	1,018.4	824.9	191.6	1,121.8
USSR	1,251.8	780.2	530.9	1,191.4	943.1	695.4	1,563.0
PRC	293.6	381.1	-91.7	365.3	434.1	-136.6	407.0
Other Western Europe	261.3	315.8	-55.2	347.6	406.5	-60.0	348.2
South Africa	397.0	267.4	124.9	450.3	317.5	107.6	567.1
Japan	164.4	220.8	-55.4	121.8	266.8	-138.1	106.5
Oceania	831.4	361.0	514.2	976.9	411.3	701.1	1,102.3
Centralized Planned Countries:							
Eastern Europe	299.9	303.5	-2.8	355.2	368.5	-59.8	396.8
USSR	481.0	539.8	-56.3	587.9	650.0	-59.6	669.4
PR China	579.1	545.7	33.4	689.4	706.2	16.4	848.4
Developing Countries							
Middle America	175.0	183.4	-9.0	184.8	196.1	-11.9	186.6
Venezuela	162.4	175.4	-15.1	200.1	214.6	-12.6	201.4
Brazil	64.5	112.7	-47.2	76.9	162.6	-87.1	55.2
Argentina	195.7	222.4	-26.6	219.8	236.7	-8.5	216.0
Other South America	626.6	393.8	-26.3	818.6	473.8	-340.0	999.2
North Africa/Islamic East	116.8	138.7	-21.6	111.0	145.6	-34.7	105.3
Central Africa	131.7	137.2	-5.5	223.2	273.1	-49.8	189.2
East Africa	166.8	165.1	1.6	126.1	135.0	-9.8	99.4
South Asia	156.1	165.2	-10.6	169.7	173.2	-5.8	167.0
Southeast Asia	235.5	182.2	53.7	247.7	214.0	35.7	236.3
Past Asia	123.3	146.6	-23.4	133.5	166.9	-35.9	134.2
Rest of World							
World total	292.8	282.6	---	314.5	316.8	---	332.7
							315.7
							314.3
							310.1

							313.6
							315.7
							314.0
							310.1

							333.1
							322.6

Table 13.— World Per Capita Wheat Production, Consumption, and Net Trade^a

Region/Country	1970/71-72/73	1969/70-71/72	1973/74	1974/75	1975/76	1976/77												
Production:sumption:exports:duction:sumption:exports:duction:sumption:exports:duction:sumption:exports:duction:sumption:exports	Pro- : Con- : Net : Pro- : Con- : Net	Pro- : Con- : Net : Pro- : Con- : Net	Pro- : Con- : Net : Pro- : Con- : Net	Pro- : Con- : Net : Pro- : Con- : Net	Pro- : Con- : Net : Pro- : Con- : Net	Pro- : Con- : Net : Pro- : Con- : Net												
Developed Countries																		
United States	147.6	116.4	33.3	159.6	125.2	40.4	177.0	119.2	62.5	181.9	117.9	59.9	188.7	115.7	66.4	195.2	122.2	55.4
Canada	182.0	88.8	98.8	195.4	107.0	84.9	220.5	98.2	156.0	230.7	90.0	129.0	271.9	94.2	147.9	269.1	101.9	131.3
EC-9	678.9	217.3	518.2	653.0	219.1	546.2	730.2	207.9	515.8	591.4	205.0	477.7	748.1	213.8	534.4	1,016.8	210.3	539.3
Other Western Europe	127.1	153.5	-30.5	146.5	142.5	-14.0	161.4	155.9	-3.3	176.1	157.8	8.8	147.6	148.0	9.8	152.2	157.5	-44.2
South Africa	110.1	17.3	-26.9	120.4	131.2	-9.5	112.4	112.9	-10.4	134.4	128.2	1.8	122.9	128.0	1.2	135.4	137.0	1.2
Japan	44.5	52.0	-7.5	64.9	59.5	-2.6	76.9	64.1	17.4	64.0	65.7	1.7	70.4	68.5	1.2	80.1	68.3	7.0
Oceania	17.4	44.7	-28.2	51.5	50.3	-45.0	1.9	51.5	-49.1	2.1	50.8	-49.0	2.2	51.6	-53.1	2.1	52.3	-49.5
Centralized Countries:	598.2	183.2	439.1	611.0	197.9	543.4	760.4	256.8	418.7	708.3	206.0	514.2	751.5	192.0	492.9	537.1	194.2	375.5
Eastern Europe	105.0	109.7	-4.3	131.8	141.2	-3.3	149.2	148.0	-7.4	129.8	141.6	-6.0	110.4	129.4	-12.9	136.4	132.2	-9.1
USSR	143.5	192.6	-46.4	209.0	246.7	-36.2	245.7	273.2	-28.2	264.9	279.0	-23.3	219.3	259.2	-29.4	256.0	282.2	-32.0
PR China	308.0	285.0	23.0	382.0	369.9	19.8	439.6	397.3	2.2	332.7	358.4	6.0	260.4	321.8	-37.7	370.3	321.4	-17.5
Developing Countries																		
Middle America	31.4	42.1	-11.1	37.1	50.4	-13.8	36.9	54.9	-16.6	36.5	53.3	-17.0	39.8	53.7	-16.3	45.0	55.1	-12.6
Venezuela	23.1	31.7	-9.3	26.1	36.8	-10.2	23.5	39.7	-17.0	27.2	40.0	-16.7	31.2	41.2	-8.2	32.0	39.1	-8.2
Brazil	9.0	40.9	-40.8	49.1	65.1	-65.0	49.8	50.1	.1	47.4	43.8	.1	46.0	43.5	.1	52.0	42.7	.1
Argentina	243.6	165.9	88.7	247.6	185.1	69.2	265.4	170.8	64.0	238.3	179.6	71.2	337.7	180.6	137.9	447.3	175.0	233.4
Other South America	39.3	61.7	-22.7	31.5	61.8	-29.9	21.0	62.1	-40.1	26.5	59.3	-31.2	23.1	58.4	-36.2	26.7	58.9	-33.2
North Africa/Middle East	111.6	144.6	-32.7	158.0	-43.8	101.2	161.0	-50.8	112.3	164.8	-57.5	124.2	165.1	-48.3	139.0	173.2	-42.2	
Central Africa	5.4	9.0	-3.5	5.7	13.3	-7.6	3.4	11.4	-7.9	4.1	12.2	-7.7	5.2	13.6	-8.4	5.1	13.4	-8.4
East Africa	3.3	7.5	-4.3	6.6	12.2	-5.1	5.4	12.9	-7.6	5.0	13.1	-9.1	6.6	13.7	-7.6	5.2	13.0	-7.1
South Asia	29.7	37.5	-8.7	41.8	46.8	-6.6	46.3	57.5	-8.7	41.4	53.1	-11.3	44.4	53.4	-12.3	47.3	54.0	-8.9
Southeast Asia	1.2	2.8	-2.6	4.7	-4.4	.4	3.0	-2.7	.4	3.4	-2.8	.4	4.4	-3.7	.4	4.3	-4.0	-18.7
East Asia	10.9	-9.9	1.0	18.9	-18.3	.4	18.8	-19.3	.3	17.6	-16.7	.4	16.8	-16.0	.3	18.6	-18.7	-18.7
Rest of World	6.0	23.2	-17.3	7.1	49.3	-42.1	8.0	52.9	-44.9	7.7	42.0	-34.3	7.5	41.0	-33.5	7.4	40.1	-32.8
World total	80.1	80.0	91.4	94.0	99.1	96.5	93.4	93.2	89.8	89.0	93.4	93.2	101.3	91.5				

Table 14.-- World Per Capita Rice Production, Consumption, and Net Exports

Region/Country	1960/61-62/63		1969/70-71/72		1973/74		1974/75		1975/76	
	Pro-	Con-	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-
d u c t i o n : s u m m i n g : e x p o r t s : d u c t i o n : s u m m i n g : e x p o r t s : d u c t i o n : s u m m i n g : e x p o r t s : d u c t i o n : s u m m i n g : e x p o r t s : d u c t i o n : s u m m i n g : e x p o r t s										
Developed Countries	23.1	22.6	0.9	22.5	20.5	3.1	21.9	19.6	22.8	19.5
United States	10.2	5.1	14.0	6.2	7.2	14.4	6.4	7.6	10.4	6.4
Canada	---	2.3	-2.3	2.5	---	3.0	---	2.5	-2.5	---
EE-9	2.4	3.2	-1.0	2.6	3.0	-0.3	3.2	3.0	0.8	2.9
Other Western Europe	5.5	6.0	-0.5	5.6	6.1	-0.6	5.5	6.6	-1.0	5.1
South Africa	---	2.6	-2.5	3.0	3.0	-3.0	4.2	4.2	-2.8	2.8
Japan	122.3	126.1	-1.7	109.3	110.5	-5.1	102.0	101.7	102.0	100.9
Oceania	8.7	3.4	-5.1	15.1	5.5	11.1	22.3	7.0	12.4	20.8
Centrally Planned Countries	54.0	53.7	.8	65.7	65.3	0.4	67.4	66.0	-1.4	70.6
Eastern Europe	0.9	2.5	-1.6	1.3	3.5	-2.1	1.3	3.2	-2.0	1.2
USSR	0.7	1.5	-2.5	3.4	4.5	-1.1	4.6	4.8	-0.3	4.9
PR China	80.1	79.1	1.0	94.6	93.4	1.3	96.1	93.6	2.5	100.4
Developing Countries	70.5	70.5	---	71.9	72.7	-1.1	70.2	70.8	-1.8	68.6
Middle America	8.4	9.1	.7	9.0	10.0	-.9	9.2	10.2	-1.8	10.9
Venezuela	6.9	8.3	-.4	12.3	11.0	-1.8	16.4	14.7	5.6	15.7
Brazil	52.2	51.3	.9	44.3	46.1	1.1	43.5	44.1	.1	42.7
Argentina	5.2	4.3	.1	9.0	6.5	1.9	8.3	5.3	2.3	9.1
Other South America	20.2	17.9	2.2	23.0	21.0	1.5	24.4	19.8	3.1	23.6
North Africa/Middle East	13.9	14.2	-0.2	17.8	16.9	.8	14.4	16.9	-2.7	13.8
Central Africa	19.1	22.5	-3.4	20.7	24.0	-4.0	19.4	24.3	-5.1	21.2
East Africa	8.5	8.9	-.4	9.0	9.3	-.3	7.8	7.8	---	7.7
South Asia	80.3	81.9	-1.8	80.6	81.5	-.9	79.3	77.5	.5	73.8
Southeast Asia	223.1	177.0	46.1	222.0	170.0	20.6	208.1	199.6	6.4	204.1
East Asia	93.4	104.8	-11.1	104.6	114.2	-11.0	105.7	115.6	-13.4	108.0
Rest of World	121.8	127.1	-5.3	109.7	113.8	-4.0	112.5	111.8	.7	124.2
World total	54.9	54.7		60.0	59.9		59.9	59.3		60.4

kilograms kilograms

1975/76 1974/75 1973/74 1974/75 1975/76 1974/75 1973/74 1974/75 1975/76 1974/75

1976/77 1975/76 1974/75 1975/76 1976/77 1975/76 1974/75 1975/76 1976/77 1975/76

1976/77 1975/76 1974/75 1975/76 1976/77 1975/76 1974/75 1975/76 1976/77 1975/76

Table 15. -- World Per Capita Coarse Grain Production, Consumption, and Net Exports

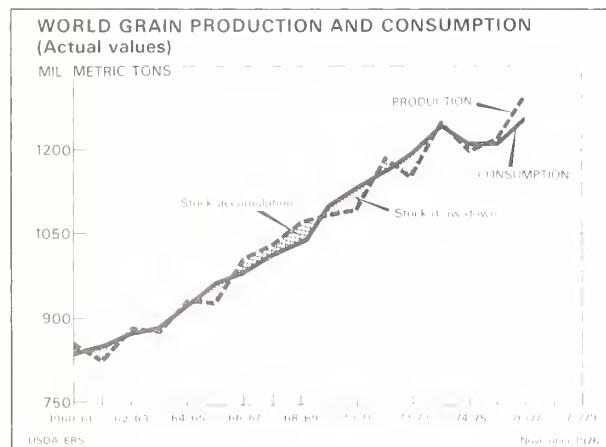
	1960/61-72/63			1965/67-70-71/72			1973/74			1974/75			1975/76			1976/77			
	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-	Net	Pro-	Con-		
Production:consumption:exports:duction:sumption:exports:duction:sumption:exports:duction:sumption:exports:duction:sumption:exports:duction:sumption:exports:duction:sumption:exports																			
Developed Countries																			
United States	320.6	327.5	-2.4	387.0	386.0	1.4	421.3	413.6	16.9	362.9	359.1	11.7	403.6	372.9	34.1	401.8	388.2	9.9	
Canada	724.8	667.3	73.9	809.0	711.7	98.6	886.8	741.6	192.2	710.1	574.8	165.6	861.8	622.3	230.2	878.3	648.9	214.7	
EC-9	522.9	560.6	14.9	866.3	722.3	151.7	832.9	757.2	60.3	702.3	644.8	83.7	795.2	654.8	190.6	838.1	654.7	168.5	
Other Western Europe	164.3	224.4	-60.3	216.1	268.7	-51.7	242.6	292.5	-50.7	235.5	285.4	-54.3	220.9	283.0	-52.9	191.3	293.4	-99.9	
South Africa	146.0	173.0	-27.8	222.0	269.6	-50.2	230.7	237.8	-99.2	259.7	345.5	-92.0	261.1	342.8	-80.3	260.4	370.2	-108.9	
Japan	352.4	212.9	135.0	385.3	255.0	113.3	499.2	279.7	138.8	389.2	275.2	136.6	306.5	275.8	64.9	370.4	262.7	115.3	
Oceania	226.1	155.0	71.0	353.6	255.5	7.1	106.0	-98.4	2.6	127.2	-130.2	2.7	121.4	-119.6	2.4	124.0	-121.1	2.5	
Centrally Planned Countries	140.9	140.1	0.7	157.7	162.0	-2.9	180.2	185.5	-7.8	181.7	187.3	-18.3	153.5	170.5	-16.2	189.8	196.3	-7.9	
Eastern Europe	336.8	345.1	-8.6	377.8	400.3	-21.6	422.6	430.8	-7.8	430.7	471.7	-39.5	447.4	470.5	-30.5	429.4	478.5	-47.6	
USSR	270.4	259.2	11.3	304.0	311.8	-2.3	404.2	417.0	-24.8	395.5	402.3	-6.8	258.5	327.6	-61.1	448.3	454.1	-13.6	
P. R. China	61.6	62.7	-1.1	74.6	74.7	-2.2	71.4	73.9	-2.5	75.0	75.5	-5.5	75.0	75.1	-1.1	73.7	73.7	1.1	
Developing Countries																			
Middle America	73.1	70.8	2.0	75.8	73.0	3.0	73.5	71.2	1.6	70.3	71.0	-7.7	73.8	73.1	-2.2	74.8	73.4	1.1	
Venezuela	130.9	134.6	-5.1	164.9	167.8	-1.5	185.9	185.7	-23.5	147.8	185.7	-36.3	165.9	189.0	-28.9	167.0	191.0	-25.3	
Brazil	134.4	132.2	2.4	156.3	153.3	9.9	186.6	187.7	-62.7	47.7	95.6	-54.4	56.3	98.7	-38.0	49.7	105.0	-57.3	
Argentina	377.8	223.6	156.6	562.0	266.9	282.2	725.5	364.8	143.7	12.8	158.8	152.7	8.7	167.5	150.2	11.7	179.1	146.5	27.2
Other South America	57.9	59.9	-1.1	63.5	60.3	-6.4	60.3	67.9	-8.3	353.4	550.6	301.5	24.6	49.0	289.9	229.9	570.9	275.4	
North Africa/Middle East	99.1	103.2	-4.2	92.3	100.1	-6.8	75.1	87.6	-11.8	67.9	62.4	-7.2	59.2	64.1	-4.5	59.5	64.0	4.4	
Central Africa	119.4	119.5	---	111.8	112.3	-5.5	116.9	117.7	-1.5	112.3	115.9	-2.2	88.4	99.9	-12.2	89.5	100.0	-11.5	
East Africa	160.7	155.4	5.3	160.9	159.6	-1.6	159.7	153.8	11.8	145.5	146.6	-2.3	154.9	152.1	2.6	145.9	143.2	3.1	
South Asia	46.3	45.8	-2.2	43.0	43.1	-2.2	42.2	42.5	-1.1	30.8	37.7	-4.4	41.1	41.0	-9.9	39.8	40.3	---	
Southeast Asia	12.7	2.5	10.4	26.2	6.3	20.0	28.7	6.4	23.8	30.4	8.0	21.9	35.0	9.8	-24.6	31.2	10.6	21.6	
East Asia	28.9	31.1	-2.5	28.2	34.1	-6.8	28.2	36.7	11.7	29.0	39.5	-11.4	28.9	40.4	-13.6	28.7	41.4	-12.3	
Rest of World	115.1	121.3	-6.1	80.1	88.4	-7.9	76.5	95.1	-19.7	89.0	95.1	-6.1	102.7	105.2	-2.5	100.4	102.9	-2.5	
Total above																			
World total 1/	147.8	147.9		163.1	162.9		173.7	172.8		160.5	162.1		160.6	159.8		171.1	169.8		

at less than 85 percent of the highs reported in 1972/73 and 1973/74. Feed usage per capita is likely to continue at or near a five year low. Roughly two-thirds of the forecast marginal increase in feeding is expected to be concentrated in the Soviet Union. But even in the Soviet Union, where supplies of grain are reported at record highs, feeding is not likely to exceed past highs due to the limited capacity of the livestock sector to absorb grain in its current state of recovery.

Generally improved, but still weak, livestock-feed price ratios in most of the developed market countries are likely to keep any feeding increase in these countries small. Increases are likely to be concentrated in several of the EC countries (due to exceptionally poor forage and fodder as well as grain crops) and in the United States and Canada (due in both cases to the buildup of surplus grain export availabilities).

World Stocks

The supply-demand balances outlined above indicate that a large buildup in stocks—possibly as much as one-third of carryin levels—is likely by the end of the 1976/77 marketing year. An increase of this magnitude would be the second largest on record but would still leave stocks at less than 13 percent of current production, compared with targets of 17 to 18 percent debated by the World Food Conference and the International Wheat Council (table 16).

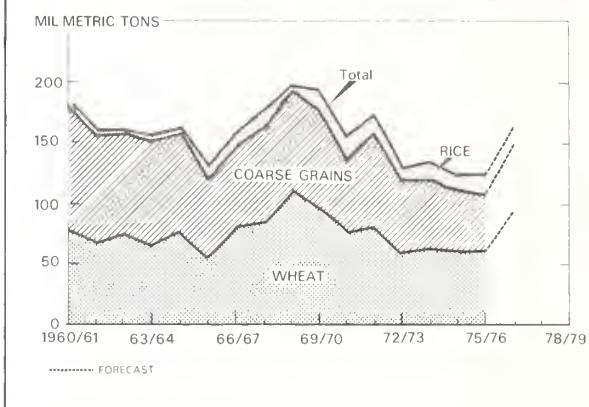


Only a small part of 1976/77's stock buildup is likely to be in either the importing countries or the low income countries. Increases are likely to be concentrated in the Soviet Union, the United States, and Canada. Reports of storage losses in excess of 8 to 10 percent in many of the developing countries following the buildup of stocks from last

year's bumper harvests indicate that even the marginal increases forecast this year will strain conventional capacity. Without marked increases in investment in storage facilities in the developing countries, any additional buildup of stocks would require a reconcentration of stocks in the major exporting countries—particularly in the United States and Canada.

This year's stock increases are also likely to be concentrated in a few grains. Wheat stock buildups are forecast to account for over 90 percent of the total increase. Coarse grain stocks are expected to increase only marginally, particularly if the world feedstuff situation—including also oilseed, forage, and fodder—continues tight. Any pronounced shift to greater use of wheat at the expense of coarse grains, however, could alter the composition of the stock buildup. Rice stocks are actually expected to fall several million tons as production shortfalls tighten supplies in several of the South, Southeast, and East Asian countries.

WORLD CARRYOVER STOCKS OF GRAIN



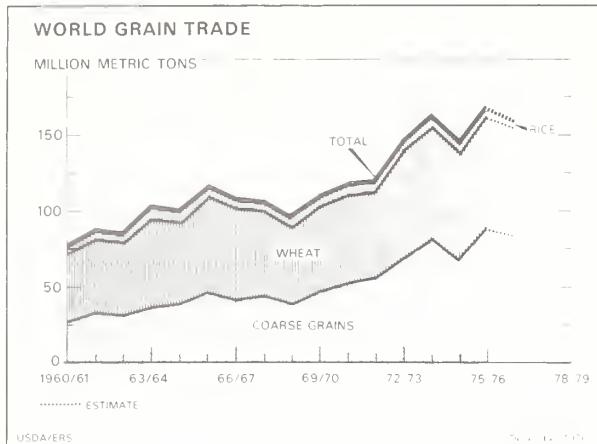
World Trade

Purchases and contracts to date indicate reductions in both the volume and value of world grain trade in 1976/77. Appreciably smaller purchases by a number of last year's major importers are expected to push wheat and coarse grain trade down more than 10 million tons. Excellent grain crops are likely to lower Soviet imports as much as 15 to 20 million tons to the minimums provided for in long-term agreements and short-term contracts signed earlier in the year. Good crops or large carryin stocks accumulated from last year's bumper crops are likely to cut many of the developing countries' imports. South Asian imports are likely to fall as much as 5 million tons; reductions in the rest of developing Asia, Latin America, and Africa

Table 16.-World Carryover Stocks of Grain

Region/Country	1960/61	1969/70-	1972/73	1973/74	1974/75	Preliminary	Forecast
	1962/63	1971/72				1975/76	1976/77
----- Million metric tons -----							
Developed Countries	143.4	126.9	87.7	77.6	74.6	78.5	94.0
United States	103.1	67.2	48.2	31.2	27.2	36.5	47.4
Canada	17.4	27.4	15.8	16.3	13.6	12.2	19.2
Enlarged European Community	14.2	12.2	12.1	13.8	17.1	12.1	11.2
Other Western Europe	3.9	4.8	4.8	5.8	6.9	6.4	6.2
Japan	2.6	7.3	4.1	4.6	4.8	6.0	5.3
Oceania	1.2	6.0	1.5	3.1	2.8	4.0	3.5
South Africa	1.0	2.0	1.2	2.8	2.2	1.3	1.2
Centrally Planned Countries	7.9	14.6	12.6	25.8	18.7	10.3	28.4
Eastern Europe	2.9	3.6	2.6	2.8	3.7	3.3	3.8
Soviet Union	5.0	11.0	10.0	23.0	15.0	7.0	24.6
People's Republic of China	--	--	--	--	--	--	--
Less Developed Countries	16.9	30.6	27.8	28.9	29.3	38.4	41.3
Middle America .....	.8	.8	.6	1.2	1.4	1.8	1.4
Venezuela .....	.3	.4	.3	.3	.3	.3	.3
Brazil	2.2	2.3	1.1	.9	1.0	2.1	2.6
Argentina .....	.8	1.3	1.2	2.3	2.2	1.9	2.9
Other South America .....	.3	.9	.9	1.0	.9	1.0	1.0
North Africa/Middle East	2.1	3.3	4.8	3.1	4.7	6.4	8.2
Central Africa	--	.1	.2	.2	.1	.1	.1
East Africa	--	.6	.8	.4	.5	.5	.4
East Asia .....	.9	4.0	3.3	5.2	5.8	5.8	6.5
Southeast Asia .....	.4	1.3	1.4	1.5	1.6	1.3	1.1
South Asia	9.1	15.6	13.2	12.8	10.8	17.2	16.8
Rest of world	--	--	--	--	--	--	--
World total	166.4	173.0	127.4	132.0	122.3	122.1	171.3

Note: World Total taken from the December issue of the Foreign Agricultural Circular on Grains and may not match country and regional totals due to rounding and variations in country and commodity coverage. Stock data is based on aggregates of a number of different local marketing years and should not be construed as representing world stock levels at any one fixed point in time. Stock data are not available for all countries and exclude those such as the People's Republic of China and parts of Eastern Europe; the world totals have been adjusted to reflect estimated year-to-year changes in USSR stocks but do not include stocks accumulated prior to 1960/61.



are expected to be somewhat smaller, leaving the net imports of the developing countries at a 6-year low of 25 million tons. Somewhat offsetting these anticipated decreases, however, are expected increases in European coarse grain imports generated by poor grain as well as forage and fodder crops. Some marginal increases are also possible in world rice trade due to production shortfalls in many of the developing Asian countries. But any increase in rice trade would be negligible, compared with projected wheat and coarse grain declines.

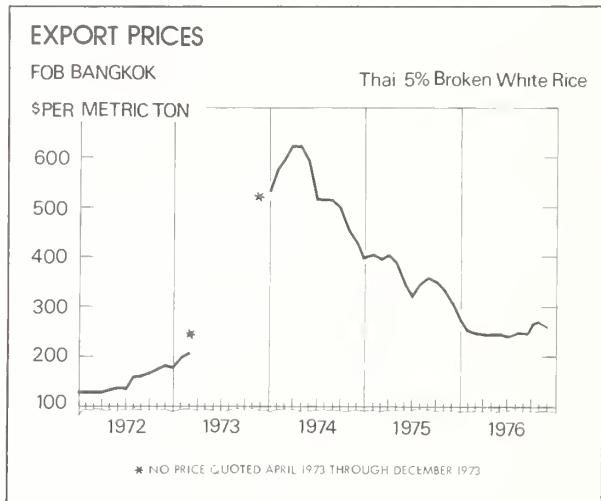
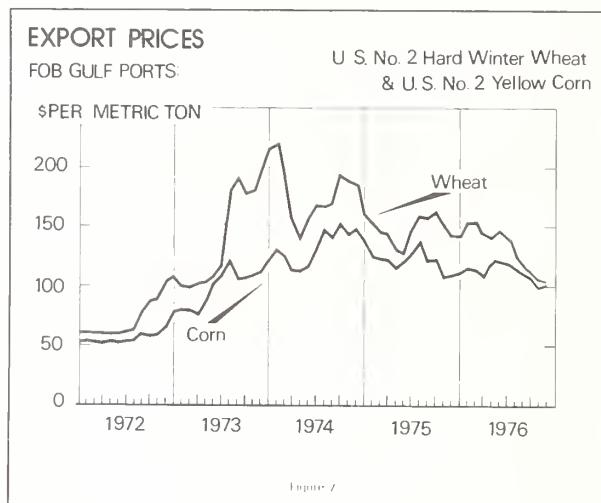
U.S. grain export volume is also likely to fall off somewhat this year due to lagging world import demand and stiffened competition both from conventional exporters and from usually marginal exporters who this year have excellent crops. While world import demand is forecast off as much as 7 percent, the combined export availabilities of the five major exporters are forecast up as much as 10 percent. As much as 20 million tons of this record export availability in the United States, Canada, Australia, Argentina, Thailand and South Africa is likely to be added to stocks. While the United States can be expected to absorb much of the decline in export volume, the effects of these large export availabilities are likely to be felt by all the other exporters as international prices weaken.

World Prices

Record production, somewhat dampened growth in consumption, stock buildups, and lower trade levels have interacted to reduce wheat prices sharply, and coarse grain prices to a lesser extent. The domestic prices of the countries tied directly to the international market have also dropped due

largely to these same factors. Any further declines, however, are likely to be tempered by price-sensitive feed demand in many of the larger livestock feeding economies of the developed world. World market conditions still suggest international wheat prices at 80 to 90 percent of their 1975/76 level and international corn prices at 85 to 95 percent of last year's level.

Rice prices have strengthened over the last quarter and could move higher in the next several quarters as the full effect of reduced supplies in several of the importing Asian countries and in the exporting countries in general are felt internationally. (Patrick M. O'Brien and John Sullivan)



REDUCED OILSEED SUPPLIES AND INCREASED DEMAND

Calendar 1977, which is roughly comparable to the 1976/77 U.S. marketing year for soybeans, is expected to be a year of tighter world supplies relative to demand for both meal and oil. On the production side some of the significant changes that will influence the balance are as follows. The 1976 U.S. soybean crop is estimated to be 18 percent below the 1975 crop due both to lower planted area and reduced yields. Though still several months away, the 1977 soybean harvest in Brazil, Argentina, and Paraguay is currently forecast to be up 2.5 million tons.

The 1976 rapeseed harvest in Canada was sharply below that of 1975 and the smallest since 1969. Despite the drought, rapeseed production in France and Poland, the leading producers in West and East Europe respectively, was above year-earlier levels.

Peanut production in India, the largest single producer of peanuts and the largest exporter of peanut meal, is forecast to be 6.3 million tons, well below last year's record. Nigeria is expected to have a larger harvest; however, the 1976 peanut harvest will still only approximate one-fourth the level of 1970.

Sunflower seed production in the Soviet Union, the world's largest producer, currently is estimated to be no more than 5.5 million tons. Romanian sunflower production will be down only slightly from 1975. Current forecasts are that Argentina will have another increase in production in 1977.

The latest Foreign Agricultural Service (FAS) forecast is that Philippine copra production will set a new record in 1976, but that the 1977 harvest will be down more than 10 percent from 1975. Other copra producers are expected to have only small changes in 1977.

A drought in late 1975 and early 1976 reduced 1976 palm oil yields in Malaysia; this limited the increase in world production to 200,000 tons, approximately two-thirds the normal increase. If yields return to normal, world production in 1977 will be about 3.5 million tons, approximately double the 1970 level.

The effect of these production changes and others of lesser importance have been converted to meal and oil equivalents and are shown in tables 17 and 18. At the world level, vegetable oil production is forecast to decline slightly, possibly 800,000 tons. Oilmeal production is expected to decline more than 2 million tons.

Meal Prospects

The production decline forecast for oilmeal is largely the result of the 7-million-ton decline in U.S. soybean production. Only Canada, Mexico, Central America, and the East Asia Pacific regions among the other regions had declines. Brazil and Argentina are expected to continue their rapid growth.

Largely in response to the economic recovery in the developed countries, meal disappearance in 1976 is estimated to have risen to 73 million tons, nearly 7 million tons above the depressed level of 1975. In many regions of the world, further increases are forecast for 1977; however, for the United States, a decrease in usage is expected, and it offsets the forecast gains in other regions. The decreases in the United States and the stagnation in the EC are based on the rationing effect that higher meal prices are expected to have.

Vegetable Oil Prospects

For calendar 1977, total production of fats and oils is forecast at over 48 million tons, just below the 1976 level. World production of animal fat—butter, lard, tallow, marine oil—is forecast at 14.9 million tons, 0.2 million tons above the 1975 level. For edible vegetable oils, 1977 production is forecast at 32.2 million tons, down 0.3 million from 1976. On a regional basis, the largest production change forecast is in the United States with a 0.7-million-ton decline. Brazil is expected to increase production in 1977; however, the forecast decline in coconut oil more than offset the anticipated increase for palm oil.

The disappearance estimates for 1977, based on long-term trends for per capita disappearance, indicate that world vegetable oil disappearance will increase by about 1.3 million tons. This points to tighter supplies and higher prices in 1977.

For the regional aggregates, disappearance in the developed regions is forecast to rise 0.3 million tons, just enough to maintain the per capita level. In the centrally planned regions, a 0.4-million-ton rise is forecast (nearly 6 percent). In the developing regions, disappearance may be up 0.9 million tons (7 percent), enough to allow another moderate increase in per capita disappearance. (Arthur Cofing)

Table 17.—World oilseed and fishmeal production, trade, availability, (meal equivalent basis), 1969-71 average, 1974, 1975 forecast 1976 and 1977 1/

Country or region	1969-71 average			1974/2/			1975/3/			1976/4/			1977		
	Production	Net exports	Disappearance	Production	Net exports	Disappearance	Production	Net exports	Disappearance	Production	Net exports	Disappearance	Production	Net exports	Disappearance
- - - - -															
Developed															
United States 5/	25.4	11.6	14.6	34.3	16.1	15.3	27.3	13.9	14.7	33.3	16.7	17.5	27.8	16.4	16.0
Canada	1.3	0.4	0.9	1.3	0.2	0.8	1.2	0.5	0.8	1.5	0.6	0.9	1.1	0.2	0.9
EC-9	1.1	-12.5	13.6	1.2	-13.9	15.1	1.2	-13.5	14.7	1.2	-14.8	16.0	1.0	-15.0	16.0
O.W. Europe	1.0	-1.9	2.9	1.1	-2.3	3.4	1.1	-2.4	1.1	-2.5	3.7	1.1	-2.7	3.8	3.8
Japan	1.0	-2.7	3.8	1.2	-3.6	4.8	1.2	-3.4	4.6	1.2	-3.5	4.7	1.2	-3.7	4.9
Aust. & N. Z.	0.1	-0.1	0.2	0.1	-0.1	0.2	0.1	-0.1	0.2	0.1	-0.1	0.2	0.1	-0.1	0.2
South Africa	0.4	0.3	0.7	0.1	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7
Total	30.6	-4.8	36.3	39.9	-3.5	40.2	32.7	-5.0	39.1	39.0	-3.7	43.6	35.6	-4.9	42.4
- - - - -															
Central Plan															
East Europe	1.3	-1.2	2.5	1.6	-4.0	5.6	1.5	-4.0	5.5	1.6	-4.2	5.8	1.7	-4.2	5.9
U.S.S.R.	4.5	--	4.5	5.2	-1	5.3	4.6	-0.2	4.8	4.2	-1.2	5.4	4.2	-1.5	5.7
P. R. China	3.9	0.2	3.7	4.8	-6	5.4	5.2	--	5.2	5.3	-0.1	5.4	5.3	-0.1	5.4
Total	9.7	-1.0	10.7	11.6	-4.7	16.3	11.3	-4.2	15.5	11.1	-5.5	16.6	11.2	-5.8	17.0
- - - - -															
Less Developed															
Mexico & Cent. Am.	0.8	-0.1	0.9	1.0	-3	1.3	1.0	-0.2	1.2	1.0	-0.4	1.4	0.8	-0.6	1.4
Brazil	1.8	1.1	0.7	5.6	4.2	1.4	7.9	6.3	1.6	8.6	7.1	1.5	10.1	8.3	1.8
Argentina	1.0	0.8	0.2	1.2	0.5	0.7	1.2	0.5	0.7	1.4	0.6	0.7	1.6	0.8	0.8
O. S. America	3.7	2.9	0.8	2.1	0.9	1.3	1.9	0.9	1.0	2.1	1.1	1.0	2.1	1.1	1.1
North Africa	0.7	0.3	0.4	0.8	0.1	0.1	0.8	0.2	0.6	0.7	0.1	0.6	0.8	0.2	0.6
Central Africa	2.1	1.4	0.7	1.9	0.9	1.0	2.0	1.0	1.0	2.1	1.1	1.1	2.1	1.1	1.1
West Asia	0.7	0.1	0.7	0.9	-0.1	0.8	0.8	-0.1	0.9	0.9	-0.1	1.0	0.9	-0.1	1.0
South Asia	4.2	0.7	3.6	4.6	0.9	3.7	4.3	0.9	3.4	4.6	0.9	3.6	4.7	0.9	3.8
Southeast Asia	0.2	0.1	0.1	0.3	--	0.3	0.3	--	0.3	0.3	--	0.3	0.3	--	0.3
East Asia, Pac.	1.5	--	1.5	1.6	0.6	1.0	2.0	0.5	1.5	2.3	0.7	1.6	2.1	0.5	1.6
Total	16.7	7.3	9.6	19.9	8.5	12.4	22.2	10.0	12.2	24.0	11.0	12.8	25.5	12.0	13.3
Grand total	57.0	---	56.6	71.5	---	68.9	66.2	---	66.8	74.1	1.8	73.0	71.7	---	72.7
Grand total less U.S.	31.6	---	42.0	37.2	---	53.6	38.9	---	52.1	40.8	-14.9	55.5	43.9	---	56.7

1/ Oilsed meals include those from soybeans, cottonseed, peanuts, rapeseed, sunflower, linseed, sesame, copra, and palm kernels. Fishmeal data are adjusted by a factor of 1.5 to reflect its higher protein content, none of the other meals was converted.

2/3/ Partially foreclosed property.

3/4 Partially forecast.
4/ Forecast.

U.S. disappearance estimates include the effect of stock variations and are based largely on crop year estimates.

Table 18.—World edible vegetable oil production, net trade and availability (oil equivalent basis)
for 1969-71 average, 1974 preliminary 1975, forecast 1976 and 1977 1/

Country or region	1969-71 average			1974 2/			1975 3/			1976 4/			1977 5/		
	Production	Net exports	Disappearance	Production	Net exports	Disappearance	Production	Net exports	Disappearance	Production	Net exports	Disappearance	Production	Net exports	Disappearance
-- -- -- -- -- -- -- -- -- -- -- -- -- -- -- --															
Developed															
United States 5/	6.01	2.22	3.87	7.99	3.10	4.11	6.41	2.28	4.35	7.71	2.49	4.90	6.51	2.63	4.90
Canada	.33	.13	.20	.45	.13	.32	.47	.17	.30	.66	.33	.33	.38	.02	.36
EC-9	.79	-3.06	3.85	.92	-3.16	4.08	.88	-3.62	4.50	1.00	-3.60	4.60	.86	-3.83	4.69
O.W. Europe	.77	-3.38	1.15	.93	-.46	1.39	.84	-.51	1.35	.97	-.43	1.40	.87	-.54	1.41
Japan	.03	-.73	.76	.02	-1.04	1.16	.02	-.87	.89	.02	-.92	.94	--	-1.12	1.12
Aust. & N.Z.	.02	-.05	.07	.04	-.06	.10	.04	-.06	.10	.05	-.06	.11	.06	-.12	.12
South Africa	.12	.03	.09	.21	.08	.13	.13	.01	.12	.12	.12	.13	.01	.14	.14
Total	8.06	-1.84	9.98	10.54	-1.36	11.18	8.78	-2.61	11.61	10.49	2.33	12.40	9.28	-2.87	12.74
Central Plan															
East Europe	.90	.02	.88	1.05	-.13	1.18	.94	.10	1.04	1.11	.05	1.06	1.12	-.05	1.17
U.S.S.R.	3.08	.51	2.57	.51	.51	3.06	3.39	.49	2.90	2.70	-.15	2.85	2.70	-.15	2.85
P. R. China	1.68	.08	1.60	2.06	-.13	2.19	2.33	-.10	2.43	2.36	-.14	2.50	2.38	-.38	2.76
Total	5.66	.61	5.05	6.68	.25	6.43	6.66	.29	6.37	6.16	-.24	6.40	6.19	-.58	6.78
Less Developed															
Mexico & Cent. Am.	.39	-.16	.55	.49	-.26	.75	.53	-.06	.59	.47	-.14	.61	.48	-.19	.67
Brazil	.69	.05	.64	1.69	.54	1.15	1.96	.91	1.05	2.29	1.20	1.09	2.64	1.57	1.07
Argentina	.41	.10	.31	.50	.10	.40	.44	.06	.38	.52	.17	.40	.59	.21	.38
O. S. America	.24	-.12	.29	-.21	.50	.38	.12	.50	.12	.50	.12	.52	.37	-.20	.57
North Africa	.48	-.15	.63	.83	-.01	.84	.87	-.03	.90	.89	-.06	.95	.88	-.11	.99
Central Africa	2.59	.97	1.62	2.44	-.80	1.64	2.57	.62	1.95	2.61	.56	2.05	2.68	.38	2.30
West Asia	.49	-.21	.65	.65	-.42	1.07	.69	-.49	1.18	.67	.12	.25	.65	-.65	1.30
South Asia	2.45	-.13	2.58	2.60	-.34	2.94	2.64	-.24	2.88	2.95	-.21	3.16	3.03	-.22	3.25
Southeast Asia	.13	-.01	.14	.19	---	.19	.19	---	.19	.19	---	.19	.21	-.02	.23
East Asia, Pac.	2.55	1.24	1.31	3.68	2.16	1.52	4.42	2.83	1.59	5.08	3.39	1.69	4.98	2.92	2.06
Total	10.41	1.58	8.83	13.35	2.34	11.01	14.69	3.46	11.23	16.12	4.21	11.91	16.51	3.69	12.82
Grand total	24.12	.51	23.87	30.57	1.74	28.23	30.13	1.23	28.21	32.77	2.36	31.11	31.98	-.04	32.32
Grand total less U.S.	18.11	-1.89	20.00	22.58	-2.04	24.62	23.72	-1.14	24.86	25.06	-.75	25.81	25.00	-2.40	27.40

1/ Includes soybean oil, cottonseed oil, peanut oil, sunflower, sesame oil, coconut oil, palm oil, palm kernel oil, and olive oil.
2/ Preliminary.
3/ Partially forecast.
4/ Forecast.
5/ U.S. disappearance estimates include the effect of stock variations.

SHIFTS IN WORLD MEAT TRADE

Although meat shipments into the traditional major importing areas—the United States, Canada, EC, and Japan—picked up a bit in 1976, it was the third year in a row of restricted world trade in meat—especially beef. The United States continued a high rate of meat imports during a period of boosted production marked by a cyclical decline in the cattle herd. In contrast, the cyclically high level of beef production in the European Community has resulted in EC meat imports being held the last 2 years at levels less than 10 percent of 1973. Major shifts can be discerned in patterns of world meat trade in the 1970's.

The United States has been the world's leading meat importer since 1974 when the EC abruptly curbed imports. U.S. meat imports have been more stable because the U.S. system permits meat imports to expand in proportion to domestic production. Net meat imports into the United States are estimated at 730,000 tons (carcass weight equivalent) in 1976, compared with 802,000 in 1975. Total imports of beef and veal are forecast at 860,000 tons, 57,000 below 1975. U.S. meat production is estimated to have expanded by 8 percent in 1976, compared with 1975, to about 2.3 million tons. Beef and veal output grew almost 8 percent, pork about 5 percent, and poultry 12 percent. This rise in production is associated with a sharp reduction in cattle inventories, down 6.5 million at mid-year from the year-earlier figure of 133.5 million. The 3 years of continued low cattle prices may end during the coming year as slaughter cattle numbers become depleted. Pork production is up from the sharp drop in the 1974/75 feeding year. In addition to now being the world's leading meat importer, the United States is also the largest producer and consumer.

Australia, which over the years redirected its meat exports from the United Kingdom to the United States, continues in the 1970's as the world's leading exporter. The United States in the 1970's has permitted its meat imports to continue at expanded levels at a time which suited very well Australia's hopes of diversifying its foreign markets to provide an effective alternative to the United Kingdom. As the ties of the British Commonwealth have weakened, the United States has become a stronger trading partner with Australia. Australia's meat production is rising and output for 1976 is expected to be up about 7 percent over last year.

The European Community has given up its place as the leading meat importer. In the early years of U.K. membership in the European Community, EC meat imports led the world, while the size, affluence, and productive power of the com-

bined membership placed the European Community in second place after the United States in both meat production and consumption. During the sharp herd liquidations of the mid-1970's, the Community pursued a policy of price stabilization at a high level and, as a consequence, accumulated large stocks of beef which otherwise would have depressed prices. At that time also, imports from third countries were sharply restricted, and the United Kingdom severely reduced its imports from Australia and Argentina, substituting EC-member France as a principal supplier. The EC method of domestic price stabilization led to the cutting off of imports when the world commercial meat economy experienced high volumes of meat production. This intensified the price depressing effects in other parts of the world, partly explaining low prices in 1975 for Australian and Argentine beef.

Japan has become a major meat importer. Japan had expanded its net meat imports to 559,000 tons (carcass weight) in 1973 as it began to foster the development of a domestic beef and dairy industry. The price collapse of the following years and the ensuing trade rivalry between beef exporting nations led Japan to practically close its borders to imported meat while a herd liquidation rocked the Japanese meat and dairy sectors. Recovery is underway and imports are cautiously being expanded. Imports for 1976 are estimated at 545,000 tons, with both pork and mutton double the quantity of beef, and poultry imports the smallest.

The Soviet Union has become a ranking meat importer. During 1974 and 1975, the Soviet Union became a major factor in the world meat economy. During each of these years meat imports reached 515,000 metric tons (product weight), with beef and veal accounting for about 60 percent. In 1974, low prices of meat in Europe and the EC ban on third-country beef led East European exporters to turn to the USSR as an alternative market. Bad weather in 1975 brought crop shortages and sharp, evidently unplanned, liquidations of livestock. Grain was imported partly to save the cattle, and large meat imports occurred. These purchases were largely from Eastern Europe, but included some from Australia and Argentina. Through November 1976, known Soviet purchases of meat (including poultry) were about 160,000 tons (product weight).

Argentina has had its European markets reduced and threatened. Argentina is ineligible for shipping uncooked meat to the U.S. market for animal health reasons related to aftosa (foot-and-mouth disease) and, thus, is blocked from the most important consuming market in the world. The EC domestic price stabilization policies operate directly

on Argentina's line of access to the second most important meat consuming market—beef shipments to the EC. Until recent years, this was Argentina's most lucrative source of foreign exchange and fundamentally important for a sta-

ble economy. The year 1976, however, was better than 1975. Plans are being realized for shipping about 500,000 tons of beef this year out of 2.7 million being produced. This export figure is nearly double the year earlier figure. (*Donald W. Regier*)

DAIRY OUTPUT SLOWS BUT STOCKS GROW

The increase in world milk output appears at a temporary halt. Declines in milk production in Canada, Australia, Poland, and the USSR nearly offset the gains in New Zealand, the United States, and the EC. Cow numbers, in a gradual downward trend in the industrialized countries, were declining only marginally in 1976.

The EC milk flow is expected to increase 1 to 1.5 percent over the previous year despite a 7.5-percent increase in the target price. In Australia, drought has aided the government's long-term program of reducing surpluses. Production for 1975/76 was down 3 percent from 1974/75, and a further decline of 12 percent is expected for 1976/77. Plentiful forage and excellent pastures in New Zealand have resulted in a record 6.5 million tons, a 10-percent increase over last year. Because of the shrinking British market, New Zealand continues its search for markets in Asia, Africa, and South America to absorb its expanded dairy output.

Favorable milk-feed price relationships in the United States have led to higher yields and a more than 4-percent gain in production from last year. A net importer in fiscal 1976, as in previous years, the U.S. made foreign purchases equal to 1.6 percent of domestic milk output, nearly in line with pre-1973 levels. Exports were down 18 percent in value due largely to the reduction of P.L. 480 donations of non-fat dry milk (NFDM). Commercial stocks are seen to be adequate. Support prices were increased October 1, maintaining a level 80 percent of parity.

The principal concern in the world dairy industry is surplus stocks of NFDM and, to a lesser extent, of butter. The EC holds 63 percent of all NFDM reserves, 1.3 million tons, which continue to increase aided by an intervention price 3 percent above last year. The EC protein deposit scheme (WAS-10, July 1976, p. 4) ended October 31 after distribution of 300,000 of the targeted 400,000 tons of NFDM. From November 1976 through January 1977, the EC is offering NFDM for feed use at a heavily subsidized price of about 10 cents per pound that competes directly with imported soybean meal.

As of late November, the EC Council of Agricultural Ministers' decision on a proposed dairy reform program to gradually reduce the EC's costly dairy surplus continues postponed.

World butter stocks, held mostly by the EC and New Zealand, are expected to expand 14 percent in 1976 as a result of lower consumption in response to higher retail prices and a 6 to 8-percent increase in the EC intervention price. Global production is estimated to have grown less than 2 percent in 1976.

A continued rise in cheese production this year of 3 percent to 7.7 million tons (for 37 countries) is expected. Because cheese is the only dairy product to enjoy an increasing demand despite rising prices, stocks are not predicted to rise. Cheese is not directly affected by price-support programs in many countries. (*Howard H. Conley*)

RECORD-LARGE SUGAR OUTPUT

An anticipated 1976/77 record world sugar output of 87 million tons (raw value) has plunged prices to 1972 levels. The above-trend output combined with an expected modest rise in consumption could add some 4 million tons to stocks. The world price of sugar (stowed at greater Caribbean ports including Brazil) was steady between October 1975 and July 1976, but began to decline thereafter to about 8 cents per pound in December.

About one-third of the gain in world output is from beet crops, mostly from the USSR. The USSR

plans to increase sugar output to 12.2 million tons by 1980 amounting to nearly all of projected domestic use. The drought in the EC ended in time to hold the decline in output to about 100,000 tons (table 19).

World cane sugar production for 1976/77 looks to be about 53 million tons. The 3.4-million-ton increase comes largely from Southern Hemisphere crops just harvested. Output will be a record 7.5 million tons in Brazil where a large modernization program is aimed at raising output to 10 million

Table 19.--World Centrifugal Sugar Production

Country or Region	Average : 1969/70-71/72	1974/75	1975/76	1976/77 <u>1/</u>
: - - - - - Thousand metric tons - - - - -				
North America	17,423	17,121	18,956	18,791
Canada	127	93	120	130
United States <u>2/</u>	5,588	5,336	6,528	6,291
Cuba	6,282	5,700	6,000	5,800
Dominican Republic	1,073	1,135	1,179	1,250
Mexico	2,466	2,727	2,724	2,750
Other	1,897	2,130	2,405	2,570
:				
South America	9,126	12,522	11,416	13,099
Argentina	956	1,532	1,349	1,600
Brazil	5,120	7,400	6,200	7,500
Other	3,050	3,590	3,867	3,999
:				
West Europe	10,974	10,628	12,377	12,405
EC-9	9,289	8,969	10,181	10,115
Other	1,685	1,659	2,196	2,290
:				
Eastern Europe	4,255	4,817	5,020	5,294
:				
USSR	8,554	7,730	7,700	9,200
:				
Africa	4,701	5,680	5,498	6,202
South Africa Republic	1,629	1,883	1,801	2,000
:				
Asia	13,160	16,416	17,603	18,250
People's Republic of China	2,008	2,400	2,500	2,600
India	4,447	5,794	5,460	5,500
Japan	485	478	471	472
Philippines	1,952	2,465	2,957	2,897
:				
Oceania	2,812	3,280	3,300	3,800
Australia	2,467	2,920	2,930	3,420
:				
World Total	71,005	78,194	81,870	87,041
:				

1/ Forecast.2/ Includes Hawaii and Puerto Rico.

Source: Foreign Agricultural Service.

World centrifugal sugar production (raw value) and
1960/61-75/76 linear trend

Year	Actual	Trend	Deviation
Million metric tons			
1969/70-71/72	71.0	73.9	-2.9
1974/75	78.2	79.9	-1.7
1975/76	81.9	81.9	—
1976/77	¹ 87.0	84.0	3.0

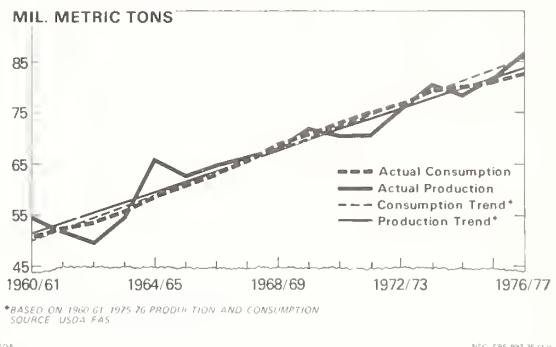
¹ Forecast.

tons by 1980. Australia's output is up about 500,000 tons, boosted by a long-term contract to supply Japan at a specified price. Small scattered production gains are expected in the Northern Hemisphere, except in Thailand where output continues to grow rapidly.

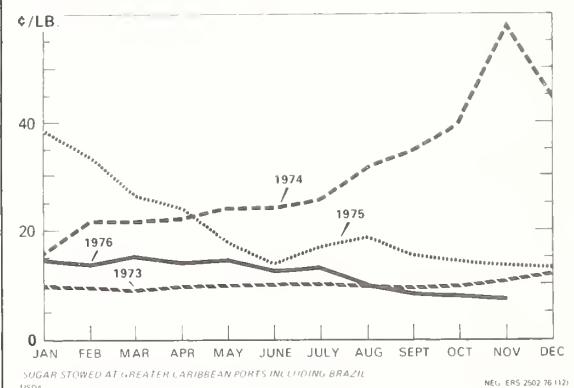
World sugar consumption could increase 2 million tons to almost 83 million tons in 1976/77, compared with sluggish gains in the previous 2 seasons when sugar prices were at historical highs. U.S. per capita sugar intake may approximate 94 pounds, compared with 90 in 1975 and over 100 in the early 1970's. U.S. consumption of high fructose corn syrup (HFCS), a sweetener competing with sugar, is estimated at 800,000 tons (dry basis) in 1976, and now accounts for nearly 8 percent of total U.S. sweetener use. In the EC, HFCS output is about 100,000 tons and rising. Japan's output is about 100,000.

World sugar imports of 20.6 million tons in 1975 were about 1 million less than in 1974. In 1976, among major importers, Japan's volume will be down, Canada's up, and the USSR's up nearly 150,000 tons to 3.4 million. Larger foreign supplies and a pickup in U.S. demand have led to growth in U.S. sugar imports to over 4 million tons in 1976 from the low 3.5 million last year. The substantial 1976/77 world sugar supply and the assurance of availabilities from an increasing number of long-term contracts (some 5 million tons or one-fourth of world imports) are enabling importers to carry lower stocks and shift stock-holding risks to

WORLD PRODUCTION AND CONSUMPTION OF CENTRIFUGAL SUGAR



WORLD SUGAR PRICE



exporters. The EC, even with low output, will have about 1 million tons for export after imports of 1.3 million tons under the Lome Agreement. As imports rose and prices fell, the U.S. import tariff was raised in September 1976 to 1.875 cents a pound, up from the "preferential" rate of .625 cents. Formal negotiations on a new International Sugar Agreement are scheduled for Geneva in April 1977. (Robert D. Barry)

RECORD COFFEE AND COCOA PRICES

Demand continues to press against current stocks and prospective production of coffee and cocoa in 1976/77. Prices are far above past levels and little relief can be expected for at least a year in the case of cocoa and for 2 seasons for coffee. But some easing of demand is expected in reaction to sharply higher prices.

Coffee

The latest estimate of world green coffee production is 62.8 million (60 kilogram) bags, allowing export availability to be raised to 45.5 million bags (table 20). Both figures are considerably below 1975/76 levels, which themselves were much less

Table 20. World Coffee Production and Exportable Production

		Production		Exportable Production	
		Average 1969/70-71/72	1974/75	1975/76	1976/77
					Average 1969/70-71/72
					1974/75
					1975/76
					1976/77
Latin America					
Mexico	40,552	54,455	48,659	37,200	25,955
Guatemala	3,225	3,900	4,100	4,300	1,696
El Salvador	1,897	2,540	2,150	2,550	1,648
Brazil	2,423	3,300	2,010	3,300	2,268
Colombia	17,450	27,500	23,000	9,500	8,867
Africa	7,817	9,000	8,700	9,000	6,407
Angola	19,735	20,396	18,609	18,997	18,504
Ethiopia	3,333	3,000	1,200	1,200	3,233
Ivory Coast	2,083	2,050	2,100	2,100	1,422
Uganda	4,358	4,500	5,080	5,300	4,295
Asia & Oceania	3,067	3,000	2,800	2,700	3,050
India	5,209	6,238	6,222	6,550	2,646
Indonesia	1,417	1,630	1,460	1,715	960
World	2,267	2,675	2,700	2,800	1,423
	65,496	81,089	73,490	62,747	47,105

1/ Forecast.

SOURCE: Foreign Agricultural Service.

Table 21--U.S. green coffee imports by country of origin

	1968/69-	1973/74	1974/75	1975/76
	1970/71			
	Average			
<u>1,000 bags (60 kg. each)</u>				
Latin America	13,360	12,880	10,768	13,598
Mexico	1,115	1,290	1,200	2,203
Guatemala	808	970	1,013	782
El Salvador	580	878	1,162	890
Brazil	5,780	4,033	2,805	3,042
Ecuador	478	430	422	717
Africa	6,607	7,958	4,640	6,403
Angola	1,413	2,683	1,115	1,503
Ethiopia	1,003	895	342	760
Ivory Coast	1,163	1,082	567	1,223
Uganda	985	990	907	960
Asia and Oceania	1,170	1,043	995	1,267
India	90	210	115	270
Indonesia	932	775	690	993
Other	85	97	120	197
World <u>1/</u>	21,223	21,982	16,512	21,463

1/ Regional totals may not precisely add to world total because of rounding.

Source: Economic Research Service.

World green coffee production and
1960/61-75/76 linear trend

Year	Actual	Trend	Deviation
Million 60-kilogram bags			
1969/70-71/72	66.4	68.7	-2.3
1974/75	81.1	70.2	10.9
1975/76	73.5	70.5	3.0
1976/77 ¹	1 ^{62.7}	70.9	-8.2

¹ Forecast.

than in 1974/75. Substantive reversal of the coffee shortage situation awaits the output from Brazilian coffee replantings that are not due to produce coffee beans for another two seasons (see WAS-10, July 1976). Meanwhile, high prices are stimulating increased plantings in several countries as well as increased yields from greater fertilizer use and improved farming practices. Production records are expected in India and the Ivory Coast. Output levels in Colombia and El Salvador are at least equal to 1974/75 records.

The New York landed price of Brazilian coffee beans (Santos No. 4) rose to \$1.83 a pound in November 1976, nearly double the November price last year. U.S. imports of green coffee were valued at \$2 billion in July-June 1975/76, compared with \$1.2 billion in 1974/75 and \$1.7 billion in 1973/74 (table 21).

Cocoa

The 1976/77 world cocoa bean crop is forecast at 1.41 million tons, down nearly 7 percent from last year because of poor growing conditions in West Africa (table 22). World cocoa bean grindings in 1976 are estimated to be well above 1975's 1.44 million tons, but are likely to be lower in 1977 because of high cocoa prices and greater reliance on substitutes and extenders. The smaller 1976/77 harvest and the possibility of a sizeable stock drawdown have pushed prices towards levels that are at least double last year. The New York spot price for "Accra" cocoa beans hit a November 1976 average of \$1.54 a pound. The U.S. import value of cocoa beans for July-June 1975/76 was \$348 million, up

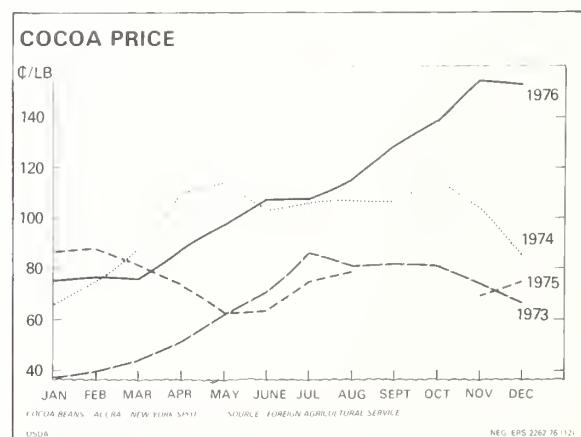
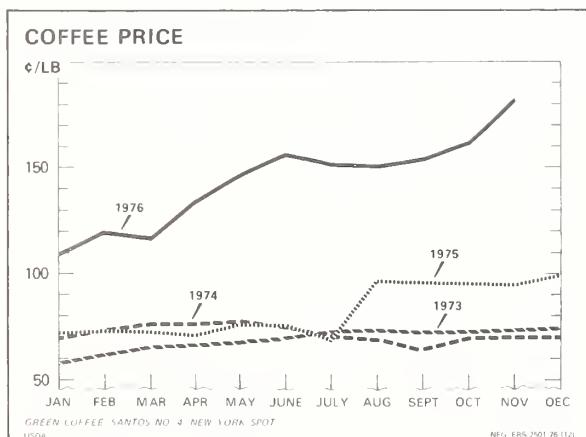
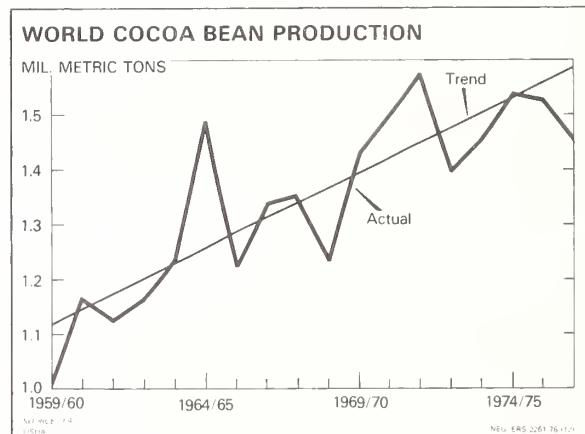
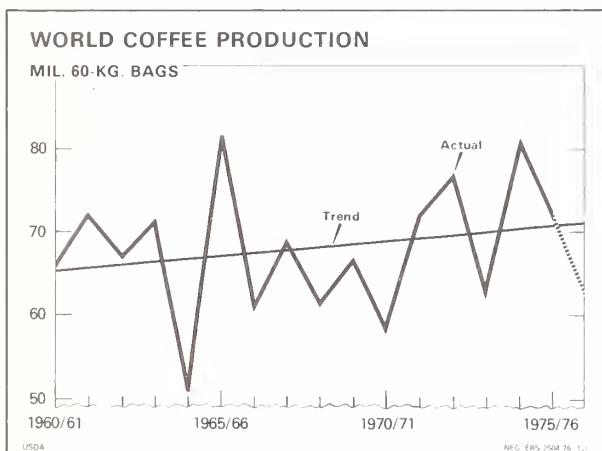


Table 22. World Cocoa Bean Production

	Average 1969/70-71/72	1974/75	1975/76	1976/77	1/
<u>Thousand metric tons</u>					
Latin America	367.1	474.0	456.9	461.6	
Dominican Republic	36.8	30.0	30.0	35.0	
Mexico	26.8	32.7	33.0	34.0	
Brazil	183.1	266.6	257.4	249.0	
Colombia	16.6	25.0	27.0	29.5	
Ecuador	59.3	75.0	64.0	67.5	
Venezuela	18.7	17.3	19.0	20.0	
Africa	1,088.0	1,004.3	1,000.7	890.7	
Cameroon	114.6	117.8	96.0	90.0	
Ghana	423.4	375.0	397.0	340.0	
Ivory Coast	192.9	242.0	228.0	230.0	
Nigeria	271.0	213.0	217.0	170.0	
Asia and Oceania	41.0	57.5	60.2	62.2	
Malaysia	3.5	13.0	15.0	17.0	
Papua/N. Guinea	27.1	33.3	34.0	34.0	
World	1,496.1	1,535.8	1,517.8	1,414.5	

1/ Forecast

SOURCE: Foreign Agricultural Service.

Table 23.--U.S. imports of cocoa beans by country of origin

Country and region	: 1968/69-	: 1970/71	: 1973/74	: 1974/75	: 1975/76
	: Average	: :		: :	
			1,000 bags	(60 kg. each)	
:					
Latin America	: 1,775		1,808	1,480	2,253
Brazil	: 822		938	625	1,353
Dominican Republic	: 458		403	357	395
Ecuador	: 207		205	285	223
Trinidad and Tobago	: 120		30	38	32
Venezuela	: 65		82	58	108
:					
Africa	: 2,317		1,915	1,315	1,923
Ghana	: 1,528		1,090	683	802
Ivory Coast	: 348		290	358	485
Nigeria	: 395		470	193	562
:					
Asia and Oceania	: 98		123	230	242
Papua/N. Guinea	: 93		108	215	217
:					
Other	: 10		10	8	15
:					
World <u>1/</u>	: 4,217		3,858	3,035	4,433
:					

1/ Regional totals may not precisely add to world total because of rounding.

Source: Economic Research Service.

World cocoa bean production and
1960/61-75/76 linear trend

Year	Actual	Trend	Deviation
Million metric tons			
1969/70-1971/72 ...	1.38	1.39	-.01
1974/75	1.53	1.53	—
1975/76	1.52	1.56	-.04
1976/77	¹ 1.41	1.59	-.18

¹ Forecast.

from less than \$290 million in each of the 2 preceding July-June years (table 23). A new International Cocoa Agreement of which the United States is not a party, came into force on October 1, 1976. Its economic provisions have been inoperative because market prices have exceeded the range provided for in the agreement. Many producers now consider the agreement's price range to be too low, and members plan to review the matter in 1977. (Robert D. Barry)

COTTON SUPPLY PRESSURED BY DEMAND

Recent deterioration in crop conditions has lowered the 1976/77 world cotton output estimate to 58.8 million bales (table 24). This is nearly 7 percent above last season's poor crop, but around 3 million bales below expected consumption. Forecast consumption of almost 62 million bales would be less than last season, reflecting limited cotton supplies, higher cotton prices, and relatively greater use of man-made fibers. Trade volume will also be smaller, but pressure on world cotton supplies can be expected to continue. The price of U.S.

World cotton production and consumption and
1960/61-75/76 linear trend

Year beginning August 1	Production		Consumption	
	Actual	Trend	Actual	Trend
Million 480-lb. bales				
1969/70-71/72 ...	55.5	56.9	56.4	57.0
1974/75	65.0	61.3	58.9	61.8
1975/76	55.0	62.4	63.0	63.0
1976/77	¹ 58.8	63.5	¹ 61.9	64.2

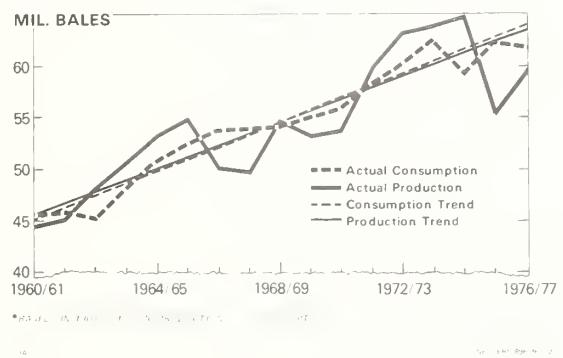
¹ Forecast.

SM 1-1/16 inch cotton (cif, Northern Europe) averaged 87.56 cents a pound in November 1976 or one-third above last year.

Higher prices for cotton versus alternative crops resulted in a 4-percent expansion in world cotton area, but this is still considerably below the 1974/75 level. Official policies stressing food crops have moderated cotton production, and yields did not recover as much as expected from last season. Of the 3.8-million-bale increase in world output, 90 percent comes from the United States, USSR, Brazil, and Sudan. Adverse weather reduced crop potential in the United States, Pakistan, Colombia, and Central America.

The combination of low beginning stocks and fairly small output growth in 1976/77 indicates a total supply of 82.9 million bales, 3.7 million below last season. U.S. supply of 14.0 million is the smallest since the early 1920's. With global use forecast at about 61.9 million bales, stocks, which totaled 24.1 million at season's start, will be reduced to about 21 million bales by July 1977 (table 25). From August 1975 to July 1977, world stocks will have shrunk around 10.5 million bales.

WORLD PRODUCTION AND CONSUMPTION OF COTTON



COTTON PRICES

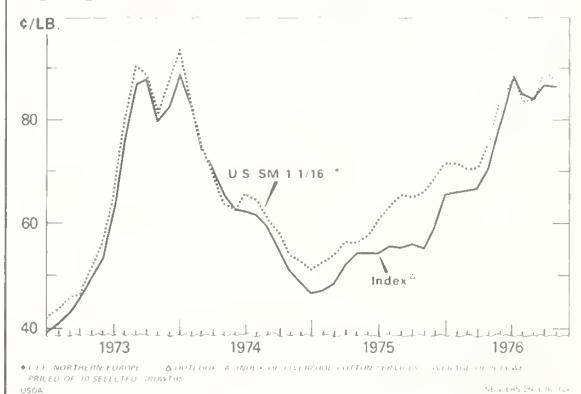


Table 24—Cotton production, exports, imports and mill consumption in selected regions 1969/70-1976/77

	Production	Exports	Imports				Consumption
			1969/70- 71/72	1974/75- 71/72	1975/76- 71/72	1976/77- 71/72	
			1969/70- Average	1974/75- Average	1975/76- Average	1976/77- Average	
Million 480-LB. bales							
United States	10.2	11.5	8.3	10.3	3.4	3.3	4.5
USSR	10.1	12.9	12.1	12.5	2.5	3.6	4.0
China, People's Republic	9.2	11.5	11.0	11.2	.1	.2	.1
India	5.1	6.0	5.4	5.5	.2	.1	.5
Pakistan	2.7	2.9	2.4	2.0	.7	.1	.5
Brazil	2.8	2.3	1.8	2.3	1.5	.3	.4
Egypt	2.4	2.0	1.8	1.8	1.4	.9	.7
Turkey	2.0	2.0	2.2	2.2	1.3	.6	.8
Mexico	1.6	2.2	.9	1.0	.9	.5	.3
Central America	.9	1.4	1.3	1.3	1.4	1.2	1.2
Sudan	1.1	1.0	.5	.8	1.0	1.0	1.0
EC-9	---	---	---	1.1	.1	.2	---
Eastern Europe	.1	.1	---	---	.2	.1	.2
Japan	---	---	---	2.2	.3	.1	3.6
Hong Kong	---	---	---	---	---	.7	.8
Taiwan	---	---	---	---	---	.6	.7
Korea, Republic of	---	---	---	---	---	.5	.7
Other	7.3	8.4	7.2	7.8	4.0	3.4	4.4
World Total	55.5	65.0	55.0	58.8	18.0	17.3	18.3
						17.3	19.2
						17.7	17.7
						56.4	58.9
						63.0	61.9

Source: Foreign Agricultural Service

Table 25.--Cotton stocks beginning of season 1969/70-1976/77

	World	U.S.	USSR	Foreign non-communist	Total exporters	Total importers
<u>Million 480 lb. bales</u>						
1969/70-71/72:	21.5	5.5	1.4	12.0	13.0	8.4
1972/73	21.1	3.3	2.5	12.4	12.0	9.1
1973/74	24.0	4.2	2.9	13.8	13.7	10.3
1974/75	25.8	3.8	3.1	14.5	14.9	11.0
1975/76	31.6	5.7	4.1	17.5	20.8	10.7
1976/77	24.1	3.7	3.8	13.3	14.7	9.3

Source: Foreign Agriculture Service.

World cotton mill use in 1976/77 could decline about 1 million bales. U.S. consumption may be 8 percent, or 600,000 bales, lower, as mills exercise strict control over high-priced cotton inventories. Among foreign noncommunist countries, importers as a group are forecast to consume 700,000 fewer bales, while exporters' consumption should equal last season. Consumption in communist countries is expected to remain stable.

The forecast 1976/77 world export volume of 17.5 million bales is nearly 1 million below last season, mainly because of a sharp reduction in export availabilities among foreign noncommunist countries. Cotton supplies in these countries is 7 percent, or 2.9 million bales, below a year earlier,

and exports in 1976/77 are estimated at 8.9 million bales, compared with 11.0 million last season. Turkey's exports will drop over 1 million bales because of low stocks following last season's extraordinarily high shipments. Mexico's exports may be 50 percent below the 1975/76 volume, despite improved production output and devaluation of the peso, because of expanding domestic use and limited initial stocks. In contrast, U.S. exports should be up sharply, to an estimated 4.5 million, raising total U.S. cotton disappearance to 11.2 million bales above 1975/76 despite the drop in domestic cotton use. USSR cotton exports, expanding in recent years, could approach 4 million bales. (Robert D. Barry)

TOBACCO USE CONTINUES TO GROW

World tobacco production in 1976 is estimated about the same as 1975's, nearly 12 billion pounds (farm-sales weight equivalent). Production in the last 2 years has been large and above trend. Still, with tobacco consumption increasing 2 to 3 percent, stocks will be lower in 1977. U.S. flue-cured auction prices in 1976 averaged 5 percent above the 1974 record level of \$1.05 a pound and 11 percent above last year. U.S. tobacco export unit value in 1976 is 4 percent above last year's \$1.51 a pound.

The plateau in overall tobacco output in 1976 is the net effect of larger crops in many producing countries being offset by smaller crops from five major producers, the United States, Brazil, India, Rhodesia, and Canada (table 26). United States planted area and output were both down 5 percent and output fell 6 percent. In Brazil, heavy rains reduced the prospective crop by over a tenth. Outside the five countries, combined output is esti-

mated about 3 percent higher. Cigarette output (about two-thirds of tobacco leaf use), is estimated at 3.85 trillion pieces in 1976, up 2 percent from 1975. Output in the United States was up about 7 percent to 700 billion pieces. Combined output outside the United States may increase about 1 percent. Output in Japan (the market for about a fifth of U.S. leaf exports in 1976) is estimated at 284 billion pieces, slightly less than in 1975. Brazil's production is estimated to have increased 11 percent in 1976 to more than double 1960's output of 61 billion pieces.

World exports (including centrally planned countries) of unmanufactured tobacco (declared weight) may be up slightly in 1976 (table 27).

World tobacco production and 1960-75 linear trend

Calendar year	Actual	Trend	Deviation
Billion pounds ¹			
1969-71 average ...	9.90	10.34	-0.44
1974	11.36	11.03	0.33
1975	² 11.70	11.21	0.49
1976	³ 11.70	11.39	0.31

¹ Farm-sales weight. ² Preliminary. ³ Estimated.

World cigarette production and 1960-75 linear trend

Calendar year	Actual	Trend	Deviation
Trillion pieces			
1969-71 average ...	3.17	3.22	-.05
1974	3.70	3.64	.06
1975	¹ 3.77	3.75	.02
1976	² 3.85	3.85	—

¹ Preliminary. ² Estimated.

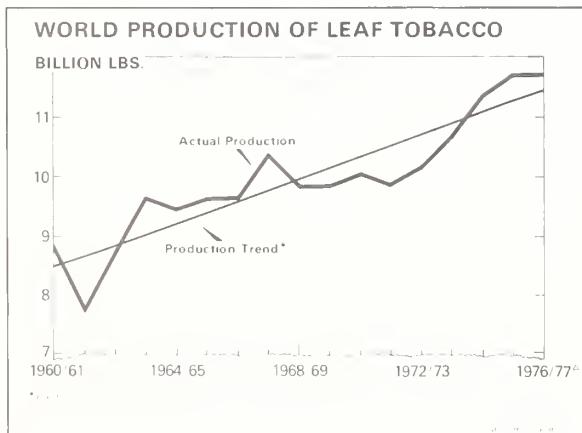


Table 26 World leaf tobacco production in selected countries and regions, average 1969-71 and annual 1973.

Country and Region	Average						Percent change 1975-76
	1969-71	1973	1974	1975	1976 1/		
: - - - - - Million pounds 2/ - - - - -							
North America	2,347	2,384	2,641	2,730	2,671	-2	
United States	1,806	1,765	2,000	2,191	2,083	-5	
Canada	232	257	257	234	198	-18	
Mexico	134	128	148	114	142	+25	
Other North America	175	234	236	191	248	+30	
South America	751	774	939	1,072	1,010	-6	
Brazil	426	399	497	630	558	-13	
Argentina	133	157	215	213	206	-3	
Colombia	96	107	91	101	97	-4	
Other South America	96	111	136	128	149	+16	
West Europe	534	613	578	723	737	+2	
EC-9	295	350	344	397	389	-2	
Greece	185	201	179	261	279	+7	
Spain	49	57	49	59	62	+5	
Other West Europe	5	5	6	6	7	+17	
East Europe	705	806	758	899	909	+1	
Bulgaria	254	309	309	333	320	+4	
Poland	181	172	143	226	221	-2	
Yugoslavia	97	143	130	154	179	+16	
Other East Europe	173	182	176	186	189	+2	
U.S.S.R.	563	672	690	657	639	+3	
Asia	4,531	4,799	5,290	5,166	5,366	+4	
People's Republic of China	1,700	1,933	2,169	2,116	2,161	+2	
India	779	821	1,019	870	838	-4	
Turkey	339	329	449	460	574	+25	
Japan	352	347	334	365	364	---	
Indonesia	246	179	173	181	176	-3	
Pakistan 3/	358	226	233	260	255	-2	
Philippines	191	176	195	146	196	+34	
South Korea	132	244	211	230	239	+4	
Thailand	96	100	123	153	161	+5	
Other Asia	337	384	384	385	402	+4	
Africa	428	476	483	548	541	-1	
Rhodesia	141	142	175	209	188	-11	
South Africa	77	64	57	61	72	+18	
Malawi	45	70	60	77	84	+9	
Other Africa	165	202	195	201	197	-2	
Oceania	44	41	42	41	40	-3	
Australia	36	34	35	34	33	-3	
New Zealand	8	7	7	7	7	---	
World Total	9,902	10,565	11,421	11,837	11,915	+1	

Note: Details may not precisely add to totals because of rounding.

1/ Estimate.

2/ Farm-sales weight.

3/ Includes Bangladesh.

SOURCES: Foreign Agricultural Service.

Table 27.--Tobacco exports by country 1969-75

Country	1969-71	1973	1974	1975 <u>1/</u>
<u>Million pounds 2/</u>				
United States	520	613	651	563
Brazil	120	143	205	216
Bulgaria	133	152	153	150
India	116	183	177	170
Turkey	165	239	248	145
Italy	26	67	142	130
Greece	144	101	148	112
Korea, Republic of	37	49	91	101
Philippines	86	74	75	84
Rhodesia	67	80	80	80
Dominican Republic	46	69	91	69
Malawi	39	59	59	68
Canada	61	62	74	58
Indonesia	24	73	58	41
Yugoslavia	38	39	42	54
Argentina	33	23	41	72
Paraguay	40	39	53	55
Mexico	22	40	58	39
Colombia	30	36	60	32
West Germany	16	25	24	22
Subtotal	1,763	2,166	2,530	2,261
Other Countries <u>3/</u>	456	437	449	443
World Total	2,219	2,603	2,979	2,704

Note: Individual items may not precisely add to totals because of rounding.

1/ Preliminary.

2/ Estimate.

3/ Declared weight.

4/ Includes Central Plan Countries.

Sources: Foreign Agricultural Service.

Table 28-U.S. exports of unmanufactured tobacco by major destination, 1969-76

Country of Destination	Average	1973	1974	1975	January-September	
					1975	1976 1/
- - - - - Million pounds 2/ - - - - -						
Japan	40	79	110	82	36	77
European Community	(313)	(320)	(292)	(273)	(179)	(163)
United Kingdom	106	120	95	78	34	41
West Germany	98	99	97	91	72	54
Italy	21	9	24	32	31	30
Netherlands	35	22	31	30	22	22
Denmark	18	37	13	16	5	3
Ireland	10	9	10	8	5	4
Belgium-Luxembourg	15	17	14	8	5	4
France	9	7	8	10	5	5
Switzerland	23	31	21	26	20	18
Egypt	2	2	12	10	11	11
Sweden	16	17	15	15	9	11
Thailand	21	9	21	19	19	15
Philippines	7	9	11	12	9	12
Australia	14	14	19	16	6	5
Taiwan	9	17	24	16	14	9
Malaysia	9	8	12	7	6	10
New Zealand	5	5	5	5	3	3
Subtotal	459	511	542	481	312	334
Other Countries	61	102	109	82	76	74
Total	520	613	651	563	3/ 388	4/ 408

Note: Individual items may not precisely add to totals because of rounding.

1/ Preliminary.

2/ Declared weight.

3/ Includes 14 million lbs. bulk smoking tobacco.

4/ Includes 10 million lbs. bulk smoking tobacco.

Source: Foreign Agricultural Service and Economic Research Service.

Larger initial supplies in Japan have reduced imports in Japanese fiscal 1976 to about 198 million pounds. For the second straight year, the U.S. may be the world's largest tobacco importer with a volume of about 350 million pounds, largely of oriental leaf, with Turkey and Greece the major suppliers. U.S. tobacco exports in 1976 are estimated only a little above 1975's 563 million pounds. Higher U.S. flue-cured prices, the decline in value of U.K. sterling, and reduced leaf use in the EC because of higher cigarette taxes have slowed

tobacco imports from the U.S. in the last 2 years. A shift in EC imports in favor of other countries (particularly India, Brazil, and some African countries) and the demand for cheaper tobacco are expected to hold down demand for U.S. high quality tobacco in 1977.

U.S. exports of tobacco and tobacco products in 1976 are estimated at \$1.45 billion and imports at \$400 million, providing a net contribution to the U.S. balance of trade in excess of \$1 billion (table 28). (Charles E. Goode and Robert D. Barry)

REGIONAL AGRICULTURAL DEVELOPMENTS

Weather Highlights³

Dry fall conditions in *Canada* helped harvesting but slowed soil preparation and limited growth in pastures and rangelands. In the *United States* below-normal temperatures for October and November retarded winter wheat development. Significant precipitation in October was confined to the eastern United States and central Rockies, with normal rainfall in much of eastern Kansas and southeastern Texas. The already dry Northern plains received less than 50 percent normal precipitation. Hurricanes struck *Mexico*, causing extensive damage and loss of life, but alleviated dry soil conditions and water storage problems.

The drought ended over most of *Europe* in September following the southward shift of the blocking high pressure ridge. Northern areas are now quite wet. Dry conditions in *East Germany* were eased by rains in early November. Heavy November rains occurred in *Central Europe* and flooded some areas in *Italy*. The *eastern Mediterranean* was generally wet and the *western Mediterranean* generally dry.

From October and November, precipitation in European USSR was about a third below normal but was above normal in the *Asiatic* regions. Temperatures for the entire country were below normal through October and most of November, with very low temperatures in the New Lands. Cold weather hampered the harvest of late crops in the southern part of the USSR and hindered expansion of winter grain acreage. Snow cover in the north has come somewhat earlier than normal.

³A summary of significant weather conditions affecting agriculture that have been reported since the publication of WAS-11, *World Agricultural Situation*, October 1976. More detailed information appears in the third or fourth week of each month in the *Weekly Weather and Crop Bulletin* published jointly by the U.S. Departments of Agriculture and Commerce.

India's monsoon ended in mid-September, with heavy flooding just prior to its conclusion. Local shower activity since then aided the subcontinent's southeast coast and *Sri Lanka*, but conditions were drier than normal elsewhere. The *Thai* rice crop also benefited from favorable rainfall. Weather during October through mid-November in the *People's Republic of China* was generally favorable for agriculture. Most of the country experienced a severe cold spell beginning in mid-November.

"Spring" rains in late September and October in *Australia* relieved much of the drought in the southern crop areas. Rainfall continued in the northeast and on the east coast, but slackened in other areas.

Winter wheat in *Argentina* benefited from heavy rains in October and November. Heavy seasonal rainfall in south and central *Brazil* hindered wheat harvesting. Moisture shortage plagued many areas in the equatorial zone, particularly northeast *Brazil*, *Peru*, *Ecuador*, and parts of *Colombia*.

Unusually heavy rainfall in October occurred in major agricultural regions of south, west, and north *Africa*, aiding winter grain in *Algeria* and *Tunisia* and relieving dry conditions in West Africa. (Richard C. McArdle)

United States⁴

Large supplies of crops and near-record livestock production are expected in the coming year. However, an expanding domestic market and another year of near-record exports will help maintain prices and farm incomes by offsetting these big supplies.

Crop supplies—except for soybeans, cotton, and some fruits and vegetables—will continue large rel-

⁴This section is based on a more detailed discussion of the U.S. agricultural situation published in *Agricultural Outlook*, AO-17, USDA, December 1976.

ative to demand in the 1976/77 marketing year. Output of livestock products will be large, but will likely taper off and decline later next year if cattle numbers drop and beef production is reduced as expected. Prospects for next year's crops are uncertain at this time, but barring unexpected weather developments, crops should again be large, with some shifts in acreage of major crops. There are no program restraints for 1976/77 major crops, and large supplies of fertilizer and other inputs are available. However, energy supplies and costs will hinge importantly on the impact of OPEC decisions on oil prices.

For the second year in a row, U.S. growers are completing the harvest of large crops. Livestock production also is at a record rate, climaxing a recovery from the depressed output of early 1975. With large supplies and expanding domestic and foreign markets, most farmers have completed one of the best seasons for income on record. However, it was not a good year for cattlemen or producers in drought areas, and food grain producers are now facing low prices.

Since summer, farm prices and incomes have been running at a rate somewhat below earlier this year and below the last half of 1975, although market prices of some commodities have picked up a bit in recent weeks. However, the general price weakness this fall is expected to reduce net farm income for calendar 1976 below earlier estimates to around the 1975 level.

In looking ahead to the latter part of 1977, returns to farmers will likely be better than in the last half of 1976. This suggests that, for calendar year 1977, average net farm income may be much the same as this year.

Major questions remain to be answered about 1977 concerning the expansion in domestic markets, the impact of the downswing in the cattle cycle on supplies and prices of meats, growing food grain stocks, and, as usual, weather and growing conditions here and abroad.

Retail prices consumers pay for food at grocery stores have been essentially unchanged since the third quarter of 1975. The quarterly average of retail prices for food used in the home ranged from 179 to 181 percent of the 1967 base. Although generally stable during 1976, retail food prices at the beginning of the year averaged about 5 percent above early 1975; this margin over year-earlier levels has since narrowed. Retail prices for food at home at yearend are about the same as a year earlier. However, prices for food away from home have risen 6 to 7 percent. As a result, retail food prices for 1976 as a whole will average around 3 percent above 1975.

Relatively stable food prices may continue early next year, but some strengthening could occur next

spring if livestock prices firm as expected. For all of 1977, prices of all food will likely average some 3 or 4 percent above this year.

The cost of inputs purchased by food marketing firms continues to increase. However, the rate of increase in farm-to-retail spreads for marketing foods could slow some if farm prices of animal products rise as expected next year. Marketing spreads will average about 5 percent higher this year, a slowing from the gain of 9 percent in 1975. (Robert R. Miller, National Economic Analysis Division).

Other Developed Countries

Major Drought Areas Get Relief

After a severe drought which plagued much of Western Europe during the spring and summer of 1976, widespread, heavy rainfall occurred throughout the Continent replenishing soil moisture and raising water levels in rivers and reservoirs. Although creating some harvesting and seeding difficulties, the rainfall provided needed moisture for seed germination and gave a generous boost to the growth of seriously depleted pastures.

Drought-ridden areas of southern and southeastern Australia also found relief in August rains. The rainfall permitted some late plantings of grains, primarily barley, and removed the pressure on livestock producers to reduce stocking rates on desiccated pastures.

Despite the eventual breaking of these droughts, their ill effects will linger for some time.

Crop Production

Western Europe's 1976 grain harvest is estimated at 122.5 million tons (excluding rice), 6 percent below last year's level. Acreage increases in wheat offset declines in yield, resulting in a larger wheat crop in 1976 of 50.6 million tons, compared with 48.6 million a year earlier. Coarse grain production, however, is estimated at 71.9 million tons, 12 percent below 1975. The major shortfall will occur in France where grain production (excluding rice) is expected to decline 10 percent this year to 32 million tons.

Sugarbeet production in Western Europe is estimated at 80.6 million tons, about 8 percent below last year. However, sugar content of the beets is high and may help offset the reduced beet tonnage. The EC is estimating a beet sugar crop of 9.6 million tons.

Estimates of Western Europe's potato crop, although up from earlier expectations, are still 11 percent below last year's low production. Prices are not expected to reach last year's high levels as a more rational use of potatoes is expected—lesser quantities going for feed or starch production. In

addition, liberalization of import restrictions are resulting in a substantial flow of fresh and processed potatoes from the United States. Reductions in output of other vegetables, particularly peas and beans, are also reported. Fruit production has generally not been adversely affected.

The Australian Wheat Board forecasts the 1976 wheat crop at 8.7 million tons, far below last year's 12 million tons. However, conditions were excellent for spring grain plantings due to winter rains and the availability of additional arable land from reduced planting of wheat. A \$12 increase in the initial payment to farmers for wheat deliveries to \$70 per ton is expected to bring a recovery in wheat plantings to normal or higher levels in 1977.

Canadian wheat production is estimated to be 23.6 million tons, a record crop and up 38 percent from 1975. Oilseed production is estimated to have declined 40 percent because acreage was switched to grains. Production of coarse grains is up 7 percent, with the largest increase occurring in oats.

Japan's 1976 rice crop is estimated at 14.7 million tons (rough basis), down 10.5 percent from the previous year due to reduced yields. Lower yields resulted from rice blight, typhoon damage, and delayed heading due to cold weather, but carryover stocks of 2.4 million tons (milled basis) will mitigate the effects of the reduced output.

Livestock Outlook

The reduced winter store of hay and other forages in the European Community—due to the poor harvest and supplemental feeding of hay to cattle on pasture during the latter stages of the drought,—created an uncertain situation for the dairy-beef sector. If winter weather is mild and late-season pastures are of ample quantity, herds will probably be maintained. On the other hand, if severe weather sets in early, a heavy culling of cattle herds may result. The costs of supplemental feedstuffs and the level of drought-related subsidies provided by the governments will be additional factors entering into the farmers' decisions to sell or hold on to cattle.

Beef and veal production in the EC in 1976 is expected to be about 2 to 3 percent below last year's level. Indications earlier in the year were that output would fall by about 6 percent, but drought-induced slaughter has narrowed the gap. Officials are concerned that continued reductions in cattle numbers could result in shortages of beef in 1977.

Poultry meat production this year increased 6 percent over 1975 for the whole of Western Europe. Output in Spain, Western Europe's major producer after Italy and France, increased 11 percent. Pork production increased slightly in the EC as the pro-

duction cycle started its upswing. Further production increases of poultry meat and pork are expected in 1977, although profitability has been hurt by higher feed costs and competition from beef.

Milk production in the Community rose 1 to 2 percent, with increases in the first part of the year more than offsetting drought-related declines in the last half. Surplus stocks of butter rose and nonfat dry milk stocks remained at about 1.3 million pounds.

Beef and veal production in Australia is likely to be down about 5 percent in 1976/77 (July-June) due to lighter carcasses from the drought and producers' decisions to build up beef herds. The increased slaughter of dairy animals during the drought has hastened dairy herd reduction, a goal sought by the government. Lighter fleece weights, coupled with an expected drop in the number of sheep shorn, could result in wool production dropping as low as 700,000 tons (greasy basis) in 1976/77, 8 percent less than last year. Recent increases in wool prices may encourage larger wool production in 1977/78.

There are indications of increases in hogs in Canada. Pigs on farms in July 1976 increased 4 percent over July 1975. Expected farrowings in the July-September period were up 5 percent from the same period a year earlier. The rate of increase in Canadian pork production, however, is trailing behind that of the United States.

Trade Outlook

U.S. exports of agricultural commodities to Western Europe are forecast to total \$8 billion in fiscal 1977, nearly \$800 million above year-earlier levels. Larger shipments of feedgrains, as well as sustained sales of soybeans at relatively higher prices, will account for much of the increased value. Exports of potatoes, as well as other vegetables will also be above year-earlier levels. Western European grain exports will generally be at reduced levels due to lower production and a need to substitute grain for forage. Increased amounts of domestically-produced wheat will be used for feed rather than exported.

Exports of U.S. agricultural products to Canada are forecast to total \$1.5 billion in fiscal 1977, about \$100 million above fiscal 1976. Higher soybean prices are expected to account for the increase. Exports of U.S. wheat will face strong competition from Canadian wheat in world markets. The Canadian Wheat Board has reportedly shaved its price to capture export markets.

Fiscal 1977 agricultural exports from the United States to Japan should approximate \$3.6 billion, a \$200-million increase over the preceding 12-month

period. Rising broiler and hog inventories in Japan, in response to an improved price-cost ratio, will result in increased demand for feedstuffs. The improved outlook in Japanese textile markets will likely increase their mill consumption of cotton; U.S. cotton is competitively priced and less cotton is available from other countries.

Although Australia's wheat production is down to an estimated 8.7 million tons in 1976, stocks of 2.3 million tons would allow wheat exports during 1976/77 (Dec.-Nov.) to be near the normal maximum permitted, by transportation and other infrastructural constraints. With storage costs of nearly \$7.50 per ton per annum and a reasonable possibility of a good crop in 1977, total wheat exports in 1976/77 will likely be between 7.5 and 8.0 million tons. Australia will continue to export the maximum allowable amount of meat to the United States throughout 1977. The recent devaluation of the Australian dollar should enhance Australian agricultural exports.

Policy Actions

The European Community's (EC) proposals for reform of its dairy sector have come under review by COPA (Committee of Professional Agricultural Organizations), a major voice for agricultural interests within the EC. Although recognizing the severity of the excess supply and limited demand on the dairy market and the need for action, COPA attributes much of the current problem to unwise EC policy decisions. The EC Commission's proposal for a tax on vegetable and marine oils—a proposal strongly opposed by the United States because it would amount to an indirect tax on imported soybeans—is supported by COPA. COPA opposes the Commission's proposal for a general moratorium on Community investment aids to the dairy sector, arguing that some continued assistance is desirable. Stronger Community actions than contained in the EC proposals are recommended in areas of payments for the nonmarketing of milk and for converting dairy operations to beef production, subsidization of milk and dairy products in school lunches, and exclusive use of dairy products in ice cream. These proposals, along with numerous additional ones, are still under discussion in the European Community.

On October 17, Canada instituted quotas on the importation of beef and veal for the remainder of 1976. The global quota level was set at 17.5 million pounds—8.2 million pounds from Australia, 4.8 million pounds from New Zealand, and 4.5 million pounds from the United States. These quotas were instituted as a result of expected disruptions in the Canadian market following the institution of U.S. quotas on 1976 imports of beef and veal.

Hearings were held by the Canadian National Farm Products Marketing Council in mid-November on a proposal to establish a Canadian National Chicken Marketing Agency. Such an Agency would be expected to have control over chicken production as well as imports and exports. Canada is a major export market for the United States, taking 30 percent in value of U.S. exports of whole chickens (fresh or frozen) in fiscal 1976. A National Egg Marketing Board and a National Turkey Marketing Board have been operating since 1973.

Japan's general beef import quota has been set at 20,000 tons for the second half of Japan's fiscal year 1976/77 (Apr.-Mar.), less than half of the 45,000 ton quota issued for the first half. This quota system, aimed at protecting the domestic beef industry, has resulted in substantial year-to-year variation in beef imports. The U.S. share of this volatile market was 11 percent of the volume and nearly one-fourth of the c.i.f. value during July 1975-June 1976. (*Reed Friend*)

USSR

The Soviet Union in 1976 harvested a bumper grain crop roughly equal to the 1973 record of 222.5 million tons. By November 1, over 220 million tons had already been harvested. The Soviets were relatively successful in completing grain harvesting in 1976, with 95 percent of the total area harvested by October 11. However, the cool, rainy weather this year caused a 2 to 3 week delay in the ripening of the corn crop. Frequent rains also interrupted and delayed small grain harvesting over much of European USSR. The result was above-average moisture and trash content, and probably relatively large amounts of below-average quality grain—particularly winter wheat and rye. Harvesting conditions and grain quality in Asiatic USSR were better than average this year.

Grain procurements by November 1 totaled a record 92 million tons, somewhat higher than the previous record of 90.5 million tons in 1973 and the 90-million-average planned for 1976-80. The Russian Federation (RSFSR) and Kazakhstan delivered record amounts of grain to the State—52.5 million tons and 19.5 million, respectively. However, the 15 million tons delivered by the Ukraine was somewhat less than the amounts delivered in 1973 and 1974.

The 1976 grain harvest is sufficient to meet domestic requirements, including a sharp recovery in feed use of grain. It will also permit the resumption of grain exports, and enable the Soviets to rebuild significantly their badly depleted carry-over stocks of grain. Soviet grain imports in 1976/77 are expected to be less than half of the 26 million tons imported in 1975/76.

Soviet sugarbeet production in 1976 is expected to rebound sharply from last year's disastrous level to about 90 million tons. However, difficult harvesting conditions and high moisture levels throughout the growing season point toward a refined sugar outturn of only about 8.5 million tons, compared with the record 1967/68 outturn of 9.6 million, and with last season's 7.1 million tons, the low for the decade.

A disappointing sunflowerseed crop is now expected. Late maturing of the plants and inclement weather over much of the Ukraine and some growing areas in the RSFSR delayed harvesting. Planted area in 1976 was 4.6 million hectares. However, by November 1, only 3.8 million hectares had been harvested. Thus, the harvested area is expected to be roughly half a million hectares less than the 1970-74 average of 4.6 million hectares; the harvested area was only 4.0 million in 1976. As a result, the sunflowerseed crop may range between 5.0 and 5.5 million tons.

The 1976 Soviet cotton crop, planted on a record 2.94 million hectares, is expected to reach about 8.3 million tons, and may possibly exceed the 8.4-million-ton record in 1974. Growing conditions this year were more favorable than last, and good to excellent crops were reported in all cotton areas. However, earlier-than-usual cold followed by frost and rain caused harvesting difficulties again this year. Despite this, cotton harvesting in late November was running ahead of 1975 results by about 400,000 tons, and approaching near-record levels.

The 1976 Soviet potato crop is expected to be below average, and is estimated at 85 million tons—about 4 percent below output in 1975. Unfavorable spring weather delayed potato planting and a cool, wet summer in most of the major potato-growing regions slowed down the growth and development of the crop. Potatoes and late-harvested vegetables were damaged by unusually cold, freezing temperatures in October.

Soviet industrial meat output during January-September 1976 reached 5.4 million tons, 1.4 million tons less than produced during the same period in 1975. Total meat production in 1976 is forecast at 13 million tons—2 million tons less than the record 15.2 million tons produced in 1975 when there was a substantial liquidation of livestock. Total milk production in 1976 is forecast at 87 to 88 million tons—about the average output during 1971-1975. Egg production is forecast at 54 billion, about 4 billion less than in 1975.

January 1, 1977, cattle and cow inventories are expected to show little change from a year earlier; hog numbers are expected to recover partially from the heavy slaughter losses in 1975. Beginning-year 1977 poultry inventories are expected to recover

from the 1975 heavy slaughter losses; sheep and goat inventories are expected to show a further decrease in 1976.

The Soviet Union has had an excellent harvest of forage crops this year. Haylage, silage, and alfalfa-clover meal production have set new records. Cool, rainy weather during much of the summer interfered with the harvesting of hay, straw, and feed roots, but production should still be well above last year's disastrous levels. Total production of non-concentrate feed reportedly broke the record set in 1973. Unfavorable weather and harvesting problems have, however, raised questions about the quality of the forage which has been stored.

The area to be seeded in the fall of 1976 to winter grains was to be increased by 5 million hectares to a total of 41 million because of favorable conditions created by good soil moisture supplies. By October 11, almost 38 million hectares had been seeded to winter grain, over 90 percent of the planned area. However, weather during October was much colder than normal and this probably prevented the successful completion of the seeding plan. (*Judith G. Goldich*)

Eastern Europe⁵

Total grain production in Eastern Europe is estimated at more than 90 million tons, compared with 88 million in 1975 and the record 91 million in 1974. The impact of drought on grain production trends in the northern countries was offset by excellent production throughout the south, except Hungary. Total production of corn is estimated at about 28 million tons, second only to 1975's record 29.5 million ton crop.

Cloudy, wet conditions delayed corn ripening and harvesting everywhere. Moisture content is excessive and there may be serious shortcomings in quality. Late harvesting delayed the sowing of winter grains, and seeding was carried out behind schedule in all countries except Poland and Hungary.

The region's grain import outlook remains about the same as in 1975/76, but above-usual feed imports in the north contributed to its hard currency indebtedness. Reports in late November indicate that Poland may have received substantial Soviet credits, including credits for grain purchases from the USSR. A \$100 million line of CCC credit was received in October, covering about 300,000 tons of wheat and about 500,000 tons of feed grains. Czechoslovak and GDR (German Democratic Republic) grain imports are expected to be up

⁵Northern: Czechoslovakia, German Democratic Republic, Poland; southern: Bulgaria, Hungary, Romania, and Yugoslavia.

about 1 million tons, each, over 1975/76. An "informal understanding" reached in November between the GDR and the United States acknowledges the intent of the GDR to import and the U.S. to supply 1.5 to 2 million tons of grain annually. The quantity of grain promised to the GDR by the USSR in 1976/77 is unknown. Romania's export position, on the other hand, will improve as a result of the large grain crop.

Development of oilseeds and other crops was delayed in the south. Production of oilseeds—sunflower and soybean—will be close to the 1975 level in the southern countries, but record Polish rapeseed production will boost total East European oilseed output to almost 3.5 million tons—9 percent above 1975.

Although potato harvesting was delayed throughout the region, production will equal 1975's below-average crop. In Czechoslovakia, rumors of a potato shortage led to some hoarding, but the government reassured consumers as to the existence of sufficient supplies. Sugarbeet production will total almost 44 million tons, about that of the 1975 crop. Countries reporting thus far indicate increased sugar content over last year. A large production decrease in Czechoslovakia will be balanced by Polish and Romanian increases, but the drop will cause Czechoslovak exports to decline in 1977.

Livestock inventories in the region are generally expected to be down slightly this winter from year-earlier levels, cattle numbers by about 1 percent, and hog numbers by about 3 percent. Cattle and hog numbers in Poland, however, will be down about 4 and 10 percent, respectively. Yugoslav hog numbers are expected to be up about 10 percent.

Government subsidies continue to maintain stable meat, bread, and sugar prices in the north and governments have issued assurances that, in spite of a short domestic supply, staple foods in shops will meet present consumption standards. Yugoslavia, however, instituted several price increases in late October which will raise the cost of living about 3 percent. The retail prices of bread and vegetable oil have been raised to compensate the processing industries for increased payments to commodity producers. Likewise, a 15-percent increase in the average retail price of pork is intended to pay packers for their increased payments to hog producers. In contrast, a 14-percent increase in the purchase price of sugarbeets and a 21-percent increase in the purchase price for rice will not be passed through to consumers.

Most countries are attempting to stimulate both crop and livestock production through producer price increases and absorption of higher imported feed prices. Bulgaria, however, has hastened organizational changes stressing lowered costs of production. In late September, it was announced

that all industrial, repair, and research units affiliated with agriculture would be integrated with farm units and food processors into one centralized National Agro-Industrial Complex which would be self-financing and would seek to be more resource efficient. (*Miles J. Lambert*)

People's Republic of China

Fall Harvest and Crop Prospects

Virtually no official reports or claims have yet been made on fall harvested grains in major grain producing provinces or for the nation's total grain harvest. Reports on weather conditions from September to November and other limited information continue to indicate that total PRC grain production in 1976 may not equal the record 1975 crop. A more exact description of the situation for grains and other crops will not be known until the PRC publishes the year-end report on agricultural performance.

Unseasonably dry weather conditions continued in many of the important crop-producing areas in Central, East, Southwest, and Northeast China through September, but precipitation increased during October to normal and above in Central, Southwest, and the southern part of East China. Dry conditions persisted in Northeast, Northwest, and the northern part of East China (Anhwei and Kiangsu Provinces) through most of October. In late October, above-normal precipitation occurred in all areas of China except the Northwest. It was unusually dry again in the first half of November in East, Southwest, and Northeast China as in September.

Precipitation in most of the North China Plain exceeded the normals in August and September—a crucial growth period for late harvested grains. Rainfall lessened during most of October, thus contributing measurably to ideal harvesting conditions.

Although temperatures continued below normal in the late rice area during October, the decline was not as great as earlier in the cropping season. These conditions, coupled with a probable reduction in rice acreage, suggest the possibility of a reduced late rice crop. However, limited travelers' reports on late rice indicate that the crop may not be as late as originally thought. The effect of subsequent milder weather on the outcome of the crop will have to await further information. Most of the crop probably was harvested before the onset of a very cold spell throughout most of China which began about the middle of November.

Fall sown grain crops in the North China Plain (China's most important winter wheat region) do not appear to have been adversely affected by the recent decline in precipitation. The PRC's exten-

sively developed irrigation systems, while not completely effective, have reduced much of the effect of periods of dry weather in the North China Plain. Hopeh, Honan, and Shantung, reported the completion of sowing winter wheat for 1977 crops on about the same acreage as this year.

The PRC purchased about 2 million tons of wheat for 1976 delivery and has begun to contract wheat for 1977 delivery. The agreement on 500,000 tons of wheat from Australia for delivery between February and June 1977 was reported recently and there are reports of contract negotiation underway with Canada. The total quantity of grain that may be purchased for delivery in 1977 will hinge on the outcome of the late harvest, the success of the program to increase procurements, and the extent of improvement in the PRC's foreign exchange position.

Rural Administrative Capacity Stressed

Cadres this fall not only had to maintain pressure on farmers to harvest autumn crops and to plant winter crops in the time limits imposed, but also to mobilize assistance for earthquake relief and reconstruction efforts in Hopek and Szechwan Provinces. Heavy fall rains in rivers in the upper reaches of North China raised waters in the Yellow River to flood stage and cadres mobilized farmers along the Yellow and other rivers for flood control work. The current campaign by Chairman Hua to legitimize his power and refute his radical rivals is of prime importance to rural cadres. These added burdens have meant that cadres have had less time and energy this autumn to devote to agricultural problems.

Concern About Grain Consumption

As in past years, autumn press reports in China continue to stress the expeditious harvesting and delivery of grain to the state, storing of grain everywhere, and economizing of grain. However, the wording and frequency of press statements this fall indicate that many provincial leaders are concerned about the supply of staple foods and the tightness of the grain situation in China this autumn. (*Marion R. Larsen and Frederick W. Crook*)

Asia

Agricultural production prospects for developing Asia have deteriorated in recent months. Persistent droughts in India, Indonesia, and Sri Lanka may result in an overall production decline. Good growing conditions continue in Bangladesh, Korea, and the Philippines, while weather conditions have improved crop prospects for Pakistan and Thailand.

India's 1976/77 food grain production is expected to be about 7 million tons below the 118-million-ton output of 1975/76, with rice likely down at least 4 million tons from 1975/76's peak of 48 million. Early ending of the monsoon rains in September and erratic rainfall earlier in the season hampered prospects for good rice yields this year. India's wheat harvest in the spring of 1976 was estimated at 28 million tons, up from 24.2 million tons in 1975. Less favorable growing conditions in 1976/77 will probably cause production of coarse grains to decline several million tons from 29.7 million in 1975/76.

India's grain imports in 1976 are likely to be 1.6 to 1.9 million tons less than the 7.4 million tons in 1975. A further reduction is expected in 1977. Imports of wheat from the EC have declined sharply. India imported about 4 million tons of U.S. wheat in both 1975 and 1976.

India's agricultural exports continued strong in 1976. Higher earnings for exports of peanut meal, peanuts, tea, coffee, tobacco, spices, and fresh vegetables probably more than offset the decline in sugar exports to \$380 million. Sugar accounted for \$514 million of India's total agricultural exports of \$1.6 billion in 1975.

Korean rice production climbed to a new record in 1976, about 5 million tons. Rice imports are expected to fall to token levels in 1977, but much larger imports of wheat and corn are likely. Total Korean agricultural imports are expected to approximate \$1.6 billion in 1976 because of larger imports of cotton, soybeans, corn, wheat, wool, and cattle hides. U.S. agricultural exports to Korea now exceed \$800 million annually.

After experiencing severe flooding during August, *Pakistan* anticipates a record 1977 wheat crop of 8.5 to 8.8 million tons due to plentiful water supply and excellent planting conditions. The Government has forecast a wheat area of 6.15 million hectares; as many farmers have shifted from cotton to wheat after the cotton crop was flooded.

Crop prospects in *Bangladesh* continue to be encouraging. Favorable weather and increased fertilizer usage point to a 1976 rice outturn close to the 13-million-ton harvest of a year ago. The arrival of large quantities of bagged milled rice has congested the harbors where facilities were set up to handle and store bulk wheat. The combination of two huge rice harvests and high import levels has overwhelmed the storage and distribution system.

The most prolonged drought in decades will cause *Sri Lanka*'s rice imports to reach about 450,000 tons in 1976/77, 20,000 from the United States under P.L. 480. Wheat and wheat flour purchases totaling about 250,000 tons are likely. The reduced rice crop is particularly disappointing

because the Government had intensified its efforts to raise rice production by subsidizing fertilizer and providing additional high-yielding seed.

The level of *Indonesia's* October-December rice harvest remains questionable because of the late drought which delayed planting. However, huge rice imports from Thailand and the United States have kept rice prices relatively stable since the main season harvest in June.

Malaysia's palm oil production for 1976 is officially estimated at 1.4 million tons, about a tenth above 1975. Of the total, 26 percent came from Government-controlled smallholder schemes. However, the production upturn and commensurate increase in exports was more than offset by 30-percent decline in palm oil prices during the year. Some increase is expected in palm oil prices during 1977, along with another strong rise in volume produced and exported.

The brown leafhopper again threatens *Philippine* rice self-sufficiency. About 10,000 hectares were affected at the beginning of the 1976/77 harvest, but there is concern that the leafhopper will transmit the Tungro virus that caused considerable damage to the 1971 crop.

Lower prices and a reduction in fertilizer usage is likely to lower the 1976/77 Philippine sugar output from the record 2.8-million-ton harvest of 1975/76. Sugar exports reached nearly 1.2 million tons during 1975/76 and should top 1.6 million tons during 1976/77, with the United States again a major buyer.

Thai rice exports are expected to nearly double in 1976, reaching 1.8 million tons. Stocks should fall to less than 500,000 tons by the end of the year. Since rice production in 1976/77 is estimated at only 9.8 million tons, 1977 rice exports will be reduced to about 1.2 million tons. (*E. Wayne Denney*)

Africa

Total agricultural production in Africa increased about 3 percent in 1976, enough to keep the per capita output from falling below that of 1975. The preliminary indices for 1976 show production in Africa at 130 (1961-65=100) and per capita food production at 95.

Ivory Coast

A highly optimistic evaluation of Ivory Coast agriculture—present and future—has come from the American Embassy in Abidjan. Ivory Coast will continue to be a major producer of coffee and cocoa. It expects to retain its position as Africa's largest coffee producer and as the world's third largest producer. Much of the present area planted to the Robusta coffee variety will be replaced by

the more flavorful and aromatic new Arabusta variety.

Now in third place in world cocoa production (after Ghana and Brazil), Ivory Coast hopes by 1985 to be number one, chiefly from increased area planted to cocoa trees.

Ivory Coast's first sugar complex (sugarcane plantation and refinery) is beginning to supply the country's domestic needs. The Government has announced plans to build five additional sugar projects by 1990; these new plants will produce sugar for export.

The Ivorian palm oil industry has shown dynamic growth since the mid-1960's. From a position of net importer of palm oil, Ivory Coast may reach a position of second or third palm oil exporter of the world.

Present trends in Ivory Coast indicate that the country will not only become self-sufficient in rice, but will become an important supplier to other west African countries.

Although cotton has been grown in Ivory Coast, chiefly in the north, for many years, the largest increases have come since 1970. In 1975-76, production of cotton lint totaled 25,500 tons, of which 55 percent was used by Ivorian textile mills.

Ivory Coast claims to be the world's largest exporter of fresh pineapples (70,000 tons in 1975). There is also a long-established pineapple-canning industry. (*Snider W. Skinner*)

Somalia

By late 1975 Somalia had pulled out of its serious drought and during 1976 production of food grains was approaching self-sufficiency levels. Banana production continues to fall, although higher prices have kept this export item's earnings stable. Another export item, livestock earnings rose in 1975, when nomads sold entire herds and flocks to escape losses to the drought. With rebuilding of herds, livestock sales will no doubt dip in 1976.

Somalia's 1975 exports were only equal to half the cost of imports, equaling \$72 million and \$144 million, respectively. The gap was more than compensated for by grants and loans. Without the motivation of the drought, foreign inputs may dwindle. This will call for further belt-tightening and indicates that Somalia will not offer a great potential for U.S. sales or investment. (*H. Charles Treakle*)

South Africa

South African corn yields and production, estimated at 7.4 million tons for 1976, were below average because dry weather, which delayed plantings, was followed by rain and flooding. Corn exports are only about 1.6 million tons or one-half that of

last year, and carryover will be lower than normal. Early rains indicate good planting conditions for the 1977 crop in the major corn growing areas.

South Africa's 1976/77 wheat crop, estimated at 2.1 million tons, should reach the 2 million ton level for the first time as the result of record yields. With exports expected to be less than 200,000 tons, a relatively large carryover of about 650,000 tons is likely. Export prices may be lower than local prices, causing a drain on the stabilization fund. (*Lawrence A. Witucki*)

West Asia

Due to record breaking grain crops, particularly in Turkey and Iran, total agricultural production in West Asia rose 5 percent in 1976, and significantly lifted the per capita output. The preliminary indices for 1976 show production in West Asia at 158 (1961-65 =100) and per capita food production at 110—up from 107 in 1975.

Iran

Iran is experiencing record high grain production for the 1976/77 year. Wheat production is estimated at 5.5 million tons, up 10 percent. Barley production is estimated at 1.15 million tons and rice production at 850,000 tons (milled), up 6 percent. Normally a substantial wheat importer, Iran has not purchased wheat in recent months, but about 250,000 tons of wheat have arrived from previous purchases. Rice imports are estimated at 300,000 tons. Iran is also taking large amounts of soybean oil. (*Michael E. Kurtzig*)

Israel

Israel's agricultural production was somewhat lower in 1976 due to a decline in wheat production. A lower citrus output for 1976/77 is expected due to a severe frost in March 1976. Cotton output is estimated at a record 50,000 tons with about half the crop destined for local consumption, the rest for export, primarily to England, France, and Portugal. (*Michael E. Kurtzig*)

Syria

Due to a good crop of wheat, Syria did not purchase any U.S. wheat in 1976, but its imports of other U.S. agricultural items have held up. The P.L. 480 Title I program with Syria has enabled larger shipments of U.S. rice which, with a commercial purchase of 20,000 metric tons, should total about 60,000 tons in 1976. Syria also purchased U.S. soybean oil and tobacco under Title I financing. (*H. Charles Treakle*)

Turkey

Turkish agriculture had a record year in 1976. Wheat production is estimated at a record 13.0 million tons, up 13 percent. Other grain crops also turned out well. Turkey has been unable to export its wheat surplus, due to low bids on its tenders. Approximately 300,000 tons of barley have been exported since December 1975.

Moisture conditions for planting the 1977 wheat crop have been very good, better, in fact, than in the past two years, both of which resulted in record crops. However, weather's past performance would caution that less than ideal precipitation could come about in 1977 and bring much lower yields. (*Michael E. Kurtzig*)

Latin America

The agricultural situation in Latin America was improved significantly by rains which contributed to unusually favorable growing conditions late in the year. The region's production is currently forecast nearly 4 percent above the 1975 record despite a further decline in cotton plantings and the serious weather damage to early crops, including coffee, sugarcane, and corn in some South American countries. Output of livestock products maintained a rising trend in response to stronger demand. Increases in prices and other incentives encouraged further expansion in area and production of wheat, rice, sorghum, and oilseeds which contributed to increased agricultural output in Argentina and Brazil. Mexican production was near the record level of a year earlier, and agriculture in Central America and the Caribbean continued to recover from the adverse weather of 1974/75.

Rising prices and lower rates of income growth continued to restrict consumption, and growing balance-of-payments problems stimulated efforts to increase exports and restrict imports of agricultural products in many Latin American countries. The region's trade was influenced by limited supplies of cotton, feed grains, and sugar and by restrictions placed upon sugar sales in face of sharp drops in the world price. However, the trade in coffee, oilseeds, meat, and related products rose sharply in response to stronger demand. The region's agricultural export earnings are expected to reach rear-record values in 1976. In contrast, most agricultural imports declined in volume, despite lower prices, with the exception of wheat which expanded to meet the shortfall in Brazil's 1975 crop. These developments were confirmed, to some degree, by U.S. agricultural trade with Latin America for January-September; imports increased from a 1975 value of \$2.9 billion to \$3.2 billion in 1976, while exports fell from \$1.7 billion to \$1.5 billion.

Argentina's April-May corn harvest (5.85 million tons) was the smallest of the 1970's and, despite some recovery in sorghum (to 5.1 million tons), export supplies of feed grains were down sharply in 1976. However, increased area and yield boosted oilseed production by one-fourth to a new high, allowing increased trade in vegetable oils and oilseed meals. Growing conditions were also favorable for other early crops, and beef production increased 11 percent to approximate the 1969 high. Despite some delay from midyear drought, a near-record wheat area was seeded in response to a sharp increase in support prices under new government programs to stimulate agricultural production. Rains after midyear provided ideal growing conditions, and the November-December harvest is estimated at a record 11.5 million tons.

As part of major changes in agricultural policy, the new military government authorized the return to a free market for exports of corn, sorghum, and wheat from the 1976 crops. Trade for the three commodities was previously a monopoly of the National Grain Board (JNG), which retains responsibility for implementing the program of guaranteed producer prices. Foreign currencies earned from export of the 1976 wheat crop are no longer exchanged at a controlled official exchange rate, but at a higher free market rate, and the export retention tax was reduced from 50 to 10 percent. The government has recently indicated that the new exchange and tax regulations would be extended to exports of all grains, oilseeds, and related products. In anticipation of these changes, guaranteed producer prices for 1977 corn and sorghum were recently more than doubled.

Brazil's agricultural production and exports maintained rising trends in 1976 despite a sharp cutback in coffee and cotton. Record harvests of corn and rice provided larger exports, and soybean production and trade increased sharply again. The wheat area rose above previous records and, despite serious damage from rains and disease in

some areas, production is estimated at 3.4 million tons, compared with the 1974 high of 2.8 million tons. Trade earnings from sugar is expected to fall to about \$250 million from the previous year high of \$1.1 billion because of lower prices and smaller 1975 production which led to a suspension of sales near midyear. However, coffee exports were maintained near normal levels while prices advanced through a drawdown of stocks, lower consumption, and some imports contracted to provide supplies for the soluble coffee industry.

Mexican agricultural output was maintained near peak levels during 1976, although production of some oilseed and winter vegetable crops declined due partly to limited water supplies in the northern irrigated areas. Production of wheat, corn, and sorghum increased moderately above year-earlier records. Rains after midyear replenished irrigation water supplies and benefited pastures and later crops. Agricultural imports were reduced further due partly to lower costs and restricted consumption imposed by devaluation of the peso. In contrast, agricultural exports were up sharply in value, reflecting higher coffee prices and a significant increase in sales of cattle and beef. Planting conditions for 1977 wheat and cotton are favorable, but the situation remains uncertain because of recent land invasions and government action which authorized expropriation of irrigated lands for redistribution to landless workers in the State of Sonora.

Central America's cotton harvest was smaller in 1976 and midyear drought damaged crops in Costa Rica, El Salvador, and Nicaragua; but total agricultural output increased nearly 10 percent, based upon expanded production and exports of bananas, coffee, sugar, and beef. Caribbean areas recovered from the serious 1974/75 drought. Increased production of grains and other food crops contributed to strong expansion of output in Paraguay, Peru, and Uruguay but grain harvests were reduced by adverse weather in Chile and Venezuela. (Howard L. Hall)

FOOD AND TRADE POLICY DEVELOPMENTS

Multilateral Trade Negotiations

Procedural difficulties continue to plague the negotiation of agricultural issues in the Multilateral Trade Negotiations (MTN) as the 1977 target date for completion comes nearer.

The United States, EC, Canada, Japan, and Switzerland have all presented their tariff reduction formulas to the Tariffs Group. The Japanese and Swiss formulas apply principally to industrial

products, but neither country ruled out their application to agricultural products. The United States continued to press for a general tariff reduction formula that applies both to agricultural and industrial products. The EC opposes this. on how to incorporate special measures favoring developing countries in a negotiating plan.

Countries making offers of concessions in the Tropical Products Group seek to implement those

made to developing countries by January 1, 1977 at the earliest. Because the United States has not completed consultations on the question of contributions by countries benefiting from its Most Favored Nation concessions, it is unlikely that the U.S. offer will be implemented then. Several countries, including the EC, are expected to implement their entire offer provisionally on January 1 pending results in other areas of the MTN.

In November the Trade Negotiating Committee adopted a proposal to establish a Framework Improvement Group. The group will seek to negotiate improvements in the international framework of world trade, including trade between developed and developing countries, supply access, dispute settlement, and balance of payments actions. Other sessions held in October and November of interest to agriculture were sessions of the Subgroups on

Quantitative Restrictions, Customs and on Standards.

United States Increases Brandy Tariffs

On November 26, 1976, President Ford announced the partial restoration of duties on certain brandies (mainly French cognac) valued at over \$9.00 a gallon originating from the European Community.

The 2-year agreement that had reduced the duty with the objective of encouraging EC trade concessions for U.S. poultry exports expired July 1. The United States was subsequently unable to persuade the EC to alter its variable levies in poultry; and instead, EC restrictions were tightened. In December, the EC further tightened import restrictions on U.S. poultry, particularly turkey meat, further complicating MTN negotiations. (*Barbara S. Blair*)

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